

What's News

Business & Finance

Goldman is seizing tens of millions of dollars from top executives after agreeing to pay billions of dollars to regulators to resolve multiple government investigations into the bank's role in the 1MDB scandal. **A1**

◆ **Walmart sued** the U.S. in an attempt to strike a pre-emptive blow against what it said is an impending opioid-related civil lawsuit from the Justice Department. **A1**

◆ **FTC staff members** are recommending that the agency bring an antitrust case against Facebook, but commissioners haven't yet reached a decision. **A3**

◆ **Facebook's WhatsApp** said it has a plan to make money from the services it provides at no cost to more than two billion users. **B1**

◆ **Uber and Lyft** must comply with an order that requires them to reclassify their drivers as employees, a California appeals court said. **B1**

◆ **U.S. stocks rose**, with the Dow and S&P 500 both gaining 0.5%, while the Nasdaq advanced 0.2%. **B11**

◆ **AT&T's big media bets** weighed on results, as closed movie theaters and pay-TV customer losses offset growth in wireless and broadband. **B3**

◆ **Intel's earnings** were hit as consumers gravitated to cheaper laptops and data-center sales softened. **B4**

◆ **Coca-Cola said** it expects to see growth this year in China even as its global sales continue to decline. **B3**

World-Wide

◆ **Trump and Biden** offered starkly differing views of the administration's handling of the pandemic, traded accusations about personal ethics and questioned each other's records on economic and racial-justice issues in the final debate before the election. **A1**

◆ **Recent attacks** by Russian government hackers could presage efforts to undermine the election, two federal agencies said. **A7**

◆ **The Senate Judiciary** Committee advanced Barrett's nomination to the Supreme Court as Republicans voted to recommend that the full Senate confirm her. **A4**

◆ **Pelosi and White House** officials defended their continuing talks over a coronavirus-relief package amid signs it has no path to becoming law before the election. **A3**

◆ **The Senate Judiciary** panel authorized subpoenas for the CEOs of Twitter and Facebook after the firms limited sharing of New York Post articles regarding Hunter Biden. **A7**

◆ **Palantir is helping** the U.S. government set up a system to track the manufacture, distribution and administration of Covid-19 vaccines. **A6**

◆ **Former Lebanese** Prime Minister Saad Hariri was nominated as the country's next premier, a year after he quit the position. **A8**

◆ **China and the Vatican** renewed a controversial power-sharing accord on the appointment of bishops. **A8**

JOURNAL REPORT

Technology: The high cost of a U.S.-China cold war. **R1-12**

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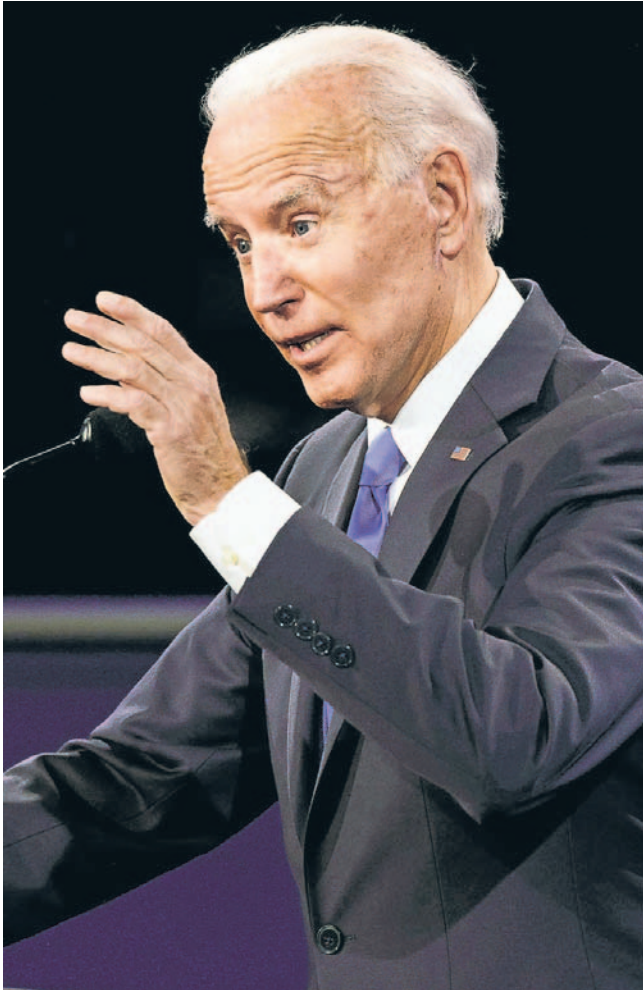
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President Trump and Joe Biden faced off in Nashville, Tenn., on Thursday night for the last of their two debates.

Debate Intensifies Race to Finish as Trump, Biden Clash

By JOHN MCCORMICK AND ALEX LEARY

President Trump and his Democratic opponent Joe Biden offered starkly differing views of the administration's handling of the coronavirus pandemic, traded accusations about personal ethics and questioned each other's records on economic and racial-justice issues in the final debate before the Nov. 3 election.

The tone of Thursday night's exchange was less combative than during the pair's first meeting three weeks earlier, as their microphones were muted

at times. The session was held after more than 47 million people—more than a third of the total 2016 vote—already have cast ballots.

Mr. Trump, who frequently interrupted Mr. Biden and the moderator at the first debate, offered a calmer delivery, and both candidates delved further into policy details than at the first session. But certain topics, such as race, produced fiery exchanges, with Mr. Biden pressing his rival on his record in office, and Mr. Trump saying the former vice president should have done more in a long career in public service.

Much of the early portion of the debate was devoted to the pandemic. Mr. Trump, noting his own recent experience with the virus, said his administration had taken tough steps to save lives.

"We closed up the greatest economy in the world in order to fight this horrible disease that came from China," Mr. Trump said. "We're rounding the turn. We're rounding the corner. It's going away."

Mr. Biden countered that the president lacked a national strategy and had misled the public about the severity of the crisis that claimed more than

222,000 lives across the country, with 8.3 million reported U.S. infections.

"Anyone who's responsible for that many deaths should not remain as president of the United States of America," Mr. Biden said as he provided the latest statistics on new cases and deaths.

The event at Belmont University in Nashville, Tenn., moderated by NBC's Kristen

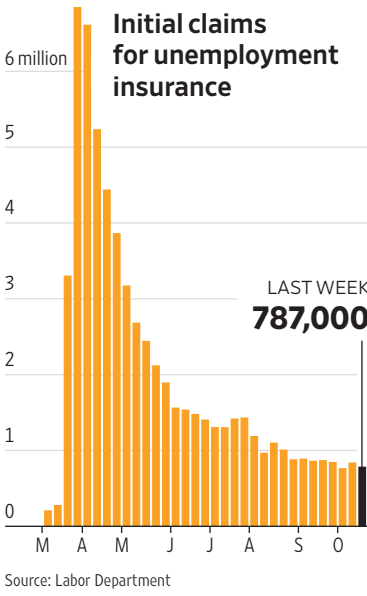
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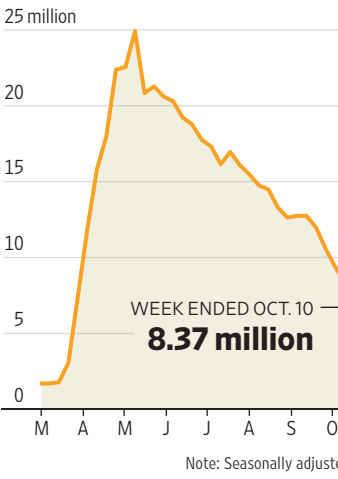
◆ **Biden campaign outspent Trump in third quarter.....** A4

Jobless Benefits Claims Decline

In a sign of improvement for the U.S. economy, weekly initial claims for jobless benefits fell by 55,000 last week. New applications for benefits still remain above pre-pandemic peaks but are down significantly from the spring. **A2**



Continuing unemployment-benefits recipients, regular state programs



The Name's Bond—Jim Bond

* * *

Declassified files reveal mystery about possible spy

By DREW HINSHAW AND MAX COLCHESTER

WARSAW, Poland—A mystery left unsolved by the spies of the Communist era reopened one recent morning, when an archivist found a curious folder sheltered in a warehouse of secret files from the Cold War.

In 1964, a British diplomat arrived in the capital, then vanished, thwarting the minders ordered to shadow his every movement. He was next seen snooping around a military base along the border of the Soviet Union. Dark-haired and inconspicuous, the suspected agent had all the makings of a discreet operative except for one glaring giveaway. His name was Bond. *Please turn to page A9*

Nationalism Takes Dark Turn in China

Under Xi, fears grow over a return to the brutal politics of the Cultural Revolution

By CHAO DENG AND LIZA LIN

The wave of nationalism sweeping through China, amplified by party propaganda, the political ambitions of Xi Jinping and the country's success in containing Covid-19, is taking a darker turn, with echoes of the country's Maoist past.

Angry mobs online have swarmed any criticism of China's leaders or a perceived lack of loyalty to the country. Targets are being harassed and silenced. Some have lost their jobs.

Among those who have been attacked this year are public figures who have raised questions about officials' early handling of the coronavirus. They include a writer from Wuhan named

Fang Fang, who wrote online about the struggles of local residents and accused government officials of being slow to respond to the outbreak.

Thousands of Chinese internet users called her a traitor. An anonymously written poster hung at a Wuhan bus station told her to "shave your head or kill yourself to atone for your sins against the people"—and a photo of it spread widely online. A famous tai chi master called on allies to assault her, using their "clenched fists of justice."

Fang Fang later issued a plea to her fellow citizens on the Twitter-like platform

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◆ **Vatican extends bishops pact with China.....** A8

Goldman To Cut, Recoup Pay After 1MDB

Bank agrees to settlement and plans to get back millions of dollars from executives

By LIZ HOFFMAN AND DAVE MICHAELS

Goldman Sachs Group Inc. is seizing tens of millions of dollars from top executives after agreeing to pay billions of dollars to regulators to resolve multiple government investigations and one of the biggest scandals in Wall Street history.

Goldman took \$174 million in compensation from executives and agreed to pay nearly \$3 billion to officials in four countries to end a yearslong probe into its dealings with a Malaysian investment fund at the heart of a global bribery scandal. Its check to the U.S. government is the largest such fine ever paid.

Goldman said Thursday it would cut bonuses for Chief Executive David Solomon and three top lieutenants and claw back millions of dollars in past pay from his predecessor, Lloyd Blankfein, and other former executives. "We must always remain open to improvement, learn from our mistakes and accept the consequences when we fail," Mr. Solomon said in a statement.

All told, Goldman's dealings with the fund, known as 1MDB, will cost the firm more than \$5 billion in financial penalties. The fund launched a decade ago with plans to jump-start the Malaysian economy, but prosecutors said it became a piggy

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◆ **Investor bought Jho Low's hotel.....** A2

Walmart Sues U.S., Aiming to Head Off Opioid Penalties

By BRENT KENDALL AND SARA RANDAZZO

Walmart Inc. sued the federal government in an attempt to strike a pre-emptive blow against what it said is an impending opioid-related civil lawsuit from the Justice Department.

The retail giant said in a lawsuit filed Thursday that the Justice Department and Drug Enforcement Administration are seeking to scapegoat the company for the federal government's own regulatory and enforcement shortcomings in combating the opioid crisis. Walmart said the government is seeking steep financial penalties against the retailer for allegedly contributing to the opioid crisis by filling questionable prescriptions.

The suit names the department and Attorney General William Barr as defendants, as well as the DEA and its acting administrator, Timothy Shea.

It is seeking a declaration from a federal judge that the government has no lawful basis for seeking civil damages from the company based on claims pharmacists filled valid prescriptions that they should have known raised red flags.

Walmart, which operates more than 5,000 in-store pharmacies in the U.S., said the government's "threatened action would be unprecedented." It said the government hasn't alleged that the company was filling altered prescriptions, or that its pharmacists had inappropriate relationships with patients or doctors.

"In the shadow of their own profound failures, DOJ and DEA now seek to retroactively impose on pharmacists and pharmacies unworkable requirements that are not found in any law and go beyond what pharmacists are trained and licensed to perform," the company said in the lawsuit, filed

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INSIDE



JASON GAY
The Rays win ugly, but it doesn't diminish their low-budget innovation. **A12**



MANSSION
A 1920s Hollywood home is up for sale, putting its unusual decor on display. **M1**

VISIT...

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U.S. NEWS

Jobless Claims Hit Lowest Since March

By ERIC MORATH

New applications for unemployment benefits this month so far fell to the lowest levels since the coronavirus pandemic shut many businesses in March, a sign of improvement for the U.S. economy.

Weekly initial claims for jobless benefits, a proxy for layoffs, fell by 55,000 to a seasonally adjusted 787,000 in the week ended Oct. 17, the Labor Department said Thursday. Claims for the prior two weeks were revised lower, reflecting new data from California. The revised level of claims for the week ended Oct. 3—767,000—was the lowest since the March 14 week, when less than 300,000 new claims were filed.

Declining layoffs add to indicators that the economy is continuing to heal from the pandemic downturn. The National Association of Realtors reported Thursday that existing-home sales rose 9.4% in September to the highest level since 2006, and consumer spending rose last month, despite historically high unemployment.

Still, with millions out of work and concerns about a resurgence of the virus in many parts of the country, many economists expect the pace of economic recovery to slow.

The Labor Department said California last week resumed reporting actual unemployment insurance claims data, which reduced the overall number of claims in October.

The state had paused processing of jobless applications to address a backlog and step up fraud-prevention capabilities.

The number of people collecting unemployment benefits through regular state programs, which cover most workers, decreased by 1 million to about 8.4 million for the week ended Oct. 10, also the lowest since March. That is consistent with many employers recalling workers furloughed earlier this year, and some, such as online retailers and logistics firms, adding staff.

However, it also reflects some long-term unemployed workers losing eligibility for such programs, which typically are capped at six months or less. A separate program offering extended benefits to those affected by the pandemic exceeded three million this month, the highest since the program started in March.

New applications for unemployment benefits and payments still remain above pre-pandemic peaks but are down significantly from the spring, when the coronavirus pandemic and related shutdowns caused both measures to rise to the highest levels on record back to the 1960s.

The labor market broadly had a strong, but partial, rebound this summer, regaining through September more than half the 22 million jobs lost in March and April. But the pace of those gains eased in recent months.

Companies from American

Airlines Group Inc. and United Airlines Holdings Inc. to Walt Disney Co. and AT&T Inc.'s WarnerMedia have announced job cuts in recent weeks, and those layoffs may have affected filed claims last week. Meanwhile, restaurants, gyms and theaters are closing doors due to what appears to be a prolonged slump for services and products that rely on public gatherings.

"The economy has been allowed to open back up," said Alfredo A. Romero, economist at North Carolina A&T State University. "But the question remains if people will be willing to come back, to eat a restaurant or shop at a mall, especially now that the colder weather is coming and cases are rising."

Number of people claiming ongoing unemployment benefits, by program

*Reflects Pandemic Unemployment Assistance for self-employed and others not typically eligible. **Reflects Pandemic Emergency Unemployment Compensation for those who exhausted other programs. Source: Labor Department

U.S. WATCH



Drought in Colorado has prolonged the wildfire season this year. Above, a fire fills the sky with smoke near Granby, Colo.

COLORADO
Wildfire Season Drags On in State

Orange skies, winds gusting up to 70 mph, smoke tornadoes and hazardous air. While it could be an apocalyptic scene out of a movie, it has become the reality of Colorado's wildfire season.

The blazes have burned the second-most acreage since 2000 and included the state's two largest on record. One of Colorado's smaller fires exploded late Wednesday from 30 square miles to 196 square miles and closed Rocky Mountain National Park.

Normally, snow helps tamp down the devastation by this time of year, but drought across Colorado and warming temperatures have dragged out the season, fire scientist Jennifer Balch said.

"We don't see October fires that get this large," she said.

Colorado's fires haven't destroyed as many homes as the headline-grabbing wildfires in California and the Pacific Northwest the past few months, but they have worn down residents already weary from the coronavirus pandemic.

—Associated Press

MINNEAPOLIS
Judge Dismisses One Charge in Floyd Case

A Minnesota judge dismissed a third-degree murder charge filed against the former Minneapolis police officer who pressed his knee against George Floyd's neck, but the more serious second-degree murder charge remains.

In a ruling released Thursday, Hennepin County District Judge Peter Cahill said there was enough probable cause for the second-degree murder charge and manslaughter charge against

Derek Chauvin to proceed to trial. Judge Cahill also denied defense requests to dismiss the aiding and abetting counts against three other former officers.

Mr. Floyd, a Black man who was in handcuffs, died May 25 after Mr. Chauvin, who is white, pressed his knee against Mr. Floyd's neck as Mr. Floyd said he couldn't breathe and became motionless. His death sparked protests and led to a nationwide reckoning on race.

—Associated Press

FEDERAL FUNDING
Cities Sue Over 'Anarchist' Label

New York, Seattle and Portland, Ore.—three cities recently labeled "anarchist jurisdictions" by the U.S. Justice Department—filed a lawsuit Thursday to invalidate the designation and fight off the Trump administration's efforts to withhold federal dollars.

"The Trump administration's political threats against Seattle and other Democratic cities are unlawful and an abuse of federal power," Seattle Mayor Jenny Durkan said. "It's immoral, unconstitutional, and shameful that we are forced to expend any resources on this political theater."

President Trump issued a memorandum last month that sought to identify localities that permit "anarchy, violence and destruction in American cities" following riots that took place during antipolice and anticracism protests after George Floyd's killing by Minneapolis police.

The lawsuit ridiculed the designation, calling the president's action "offensive to both the Constitution and common sense."

The Justice Department didn't respond to an email seeking comment.

—Associated Press

By CRAIG KARMIN

A low-profile New York City-based hotel investor is the mystery buyer of the Beverly Hills hotel that the U.S. government sold in August, after seizing it from the fugitive Malaysian financier Jho Low.

EOS Investors LLC, a three-year-old firm that owns and manages about 20 hotels, won the bidding process and on Thursday completed its purchase of the Viceroy L'Ermitage Beverly Hills hotel, according to the firm and the auction's broker. A sales representative had said previously that the winning bid for the hotel was \$100 million, but didn't disclose the buyer's identity.

The sale marked the last of Mr. Low's major properties to be auctioned by federal authorities, who allege he bought the hotel and other assets with money embezzled from a Malaysian government fund. U.S. and other authorities have previously sold Mr. Low's private jet, luxury yacht, and his stake in the Park Lane Hotel overlooking Manhattan's Central Park, among other possessions.

L'Ermitage, an all-suite hotel located near the city's posh Rodeo Drive, has attracted numerous entertainment moguls, foreign jet-setters, and movie stars over the years, including Elizabeth Taylor and Laurence Olivier.

It drew widespread interest from a crowd of potential buyers, said Matthew Bordwin, principal at Keen-Summit Capital Partners LLC, the firm that ran the sales process.

In the end, none would top EOS's offer. That price was the so-called stalking-horse bid, established to set a floor as the lowest price to complete a sale but one that also proved to be the high bid.

A number of factors prevented an even richer bid, including the brutal hotel environment during Covid and the travel restrictions that could have kept potential foreign buyers away, people familiar with the process say. The U.S. luxury segment has been hit particularly hard by the pandemic and the collapse of business travel: Revenue per available room in September fell 55% from a year ago, compared with only a 21% decline for economy-class hotels, hotel data firm STR said.

Some also believed the price for the 116-room property was too steep at nearly the rate of \$860,000 per room. But EOS President Jonathan Wang said the property represented a rare opportunity to enter the coveted Beverly Hills market and would prove to be a good long-term investment.

"Our plan is to bring back more luxury elements and make it a top destination in the market," he said.

As for the previous owner, Mr. Wang added, "it adds some mystery to the hotel."

Mr. Low was an adviser to a Malaysian government investment fund, known as **1Malaysia Development Bhd.**, or 1MDB. The U.S. government alleged he stole from the fund, and he agreed last year to forfeit more than \$700 million in assets. Mr. Low has denied any wrongdoing and remains at large.

Mr. Low acquired the hotel for \$46 million in 2010 and spent about \$37 million additionally on renovations that brought the property 5-star ratings from various travel guides.

Mr. Wang, whose other properties are concentrated in major cities or resort destinations and include the Hamilton Hotel in Washington, D.C., said L'Ermitage is open but hasn't been immune to the industry downturn. He said it is booking rooms for an average of \$500 a night, though revenue is down about 60% from a year ago.

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CORRECTIONS & AMPLIFICATIONS

Tuesday was the second day in a row that the number of newly reported coronavirus cases increased in the U.S. A U.S. News article Thursday about the coronavirus pandemic incorrectly said it was the third day of increases.

The name of the special-purpose acquisition company with which Hyllion Inc. merged, Tortoise Acquisition Corp., was given incorrectly as Tortoise Acquisition Corp. II in a Business & Finance article Thursday about shares of electric-vehicle startups.

U.S. stocks closed lower on Wednesday. In some editions Thursday, the headline for the Wednesday's Markets article incorrectly said stocks rose.

Notice to readers

Wall Street Journal staff members are working remotely during the pandemic. For the foreseeable future, please send reader comments only by email or phone, using the contacts below, not via U.S. Mail.

Goldman to Withhold, Seize Pay

Continued from Page One

bank for government officials, investment bankers and an international cast of hangers-on.

In federal court in New York Thursday, a Goldman subsidiary pleaded guilty to conspiring to violate antibribery laws. A deal cut with authorities allows the bank itself to avoid prosecution on the same charge, which could have crippled its business and further sullied its reputation.

Goldman will pay \$2.9 billion to the U.S. Justice Department and other global regulators, on top of the \$2.5 billion it agreed in July to pay Malaysia's government. The Federal Reserve, Goldman's main financial regulator, levied its own fine and said the bank had failed to supervise its employees.

Goldman's fines could have been as high as \$5.1 billion under federal sentencing guidelines, according to its agreement with the U.S. government. The bank got some credit for cooperating with investigators but not as much as it could have because it "significantly delayed in producing relevant evidence," the agreement says.

The Justice Department on Thursday laid out a case it spent years building, detailing a corruption ring that stretched from Southeast Asia to Hollywood. Prosecutors alleged that billions of dollars were stolen from 1MDB and more than \$1.6 billion in bribes were paid—the most ever in a U.S. corruption case—to government officials in Malaysia and the Middle East.

Two Goldman bankers were criminally charged in the scandal. Prosecutors alleged senior executives at the bank ignored warning signs of fraud.

"This case is also about the way our American financial institutions conduct business," said Seth DuCharme, the acting U.S. attorney in Brooklyn.

In 2012 and 2013, Goldman helped raise \$6.5 billion for 1MDB by selling bonds. Prosecutors said much of that was stolen by an adviser to the fund named Jho Low, aided by the two Goldman bankers and associates in the Malaysian and Emirati governments. Nearly \$700 million ended up in the bank account of the Malaysia's prime minister, who was convicted of abuse of power.

Goldman had long portrayed the bankers—Timothy Leissner, who pleaded guilty and is awaiting sentencing, and Roger Ng, who has maintained his innocence and is set to stand trial next year—as rogue employees who hid their activities

and Mr. Low's involvement from their bosses. Mr. Low, who has denied the allegations against him, is on the run from U.S. law enforcement.

The Justice Department said in court papers that Goldman's compliance staff accepted Mr. Leissner's statements and ignored red flags. After articles in The Wall Street Journal and other publications raised questions about the 1MDB deals, Goldman failed to investigate the bond deals or why Mr. Low, who was rejected by the bank as a private client, was involved, the department said.

Company officials talked about alleged bribes on recorded Goldman lines, including one conversation in which an employee told an unnamed senior executive that he was disturbed by information that a deal involving 1MDB was being delayed because a participant was seeking a bribe, court papers say. "What's disturbing about that? It's nothing new, is it?" the senior executive replied, according to the Justice Department.

Four current executives will forfeit \$31 million in pay this year.

As officials built their case against Goldman last year, the bank withheld deferred pay that was owed to top executives and reserved the right to reduce bonuses going forward. On Thursday, it acted on that warning.

Four current executives—Mr. Solomon, President John Waldron, Chief Financial Officer Stephen Scherr and the head of Goldman's international business, Richard Gnodde—will forfeit \$31 million in pay this year, the bank said, about one-third of what they were paid in 2019.

The firm is also clawing back bonuses previously paid to Mr. Blankfein, former CFO David Viniar, and two senior executives at the time of the 1MDB deals who have since retired. It is in also discussions to recoup money from Gary Cohn, a former executive whose future bonuses were paid out when he joined the Trump administration in 2017, a person familiar with the matter said. (Mr. Cohn left his role as White House economic adviser the next year.)

Mr. Blankfein, in a statement, said, "It goes with the responsibility of leadership to accept some consequences for things that go wrong on your watch." The other former executives couldn't be reached.

The financial moves are a concession to shareholders who will shoulder the financial cost of the scandal and employees whose own bonuses this year are likely to shrink because of it.

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U.S. NEWS

FTC Staff Supports Lawsuit Against Facebook

By Brent Kendall
and John D. McKinnon

WASHINGTON—Federal Trade Commission staff members are recommending that the agency bring an antitrust case against Facebook Inc., according to people familiar with the matter, but commissioners haven't yet reached a decision. The five-member FTC met privately via videoconference Thursday to discuss the next steps, without taking action, the people said. The FTC has spent more than a year looking into complaints that Facebook has been using its powerful market position to stifle competition, part of an effort by U.S. antitrust authorities to examine the conduct of big technology companies.

The FTC listed Thursday's meeting on its public calendar but didn't disclose the topic, saying it was discussing a non-public law-enforcement matter. The commissioners, three Republicans and two Democrats, can't all talk about an enforcement action as a group unless they announce a formal meeting. The Wall Street Journal reported in September that the FTC was gearing up to file a possible antitrust lawsuit against Facebook by year-end, with staffers preparing a draft complaint. With this week's discussions, the commission could be headed toward a decision in as soon as the next few weeks, the people familiar with the matter said.

Staffers have recommended the FTC take action against Facebook, the people said, but details about the commission's legal theories couldn't immediately be learned. The company last year disclosed it was under investigation by the FTC, and the Journal has reported that one focus of the agency's probe is the company's past acquisitions of potential competitors, such as photo-sharing service Instagram. Facebook is still making its case to the commission, even as the probe has been progressing into its late stages, and recent efforts by FTC staff have included taking testimony from Chief Executive Mark Zuckerberg.

Stimulus Talks Hit Narrowing Pathway

By Kristina Peterson

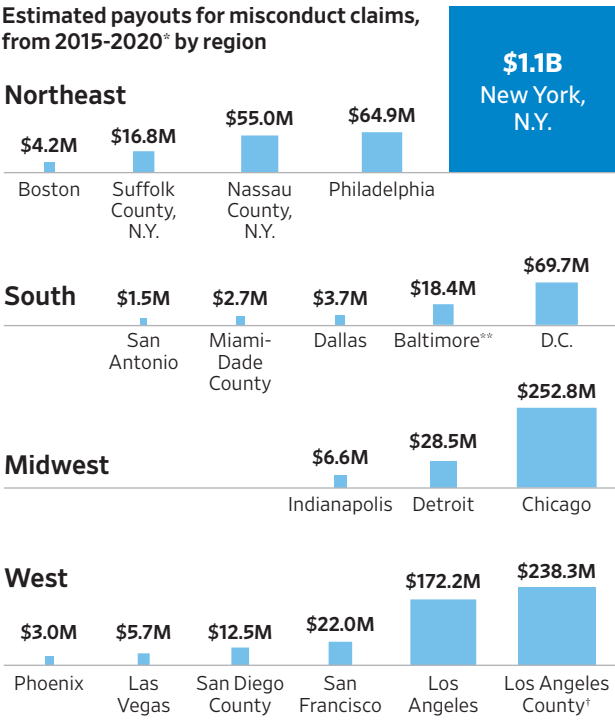
WASHINGTON—Both House Speaker Nancy Pelosi (D, Calif.) and White House officials defended their continuing negotiations over a coronavirus-relief package amid signs it has no path to becoming law before the election. The nearly \$2 trillion package under discussion between Mrs. Pelosi and Treasury Secretary Steven Mnuchin faces resistance in the GOP-controlled Senate, in addition to the timeline posed by the Nov. 3 elections. The hurdles left many on Capitol Hill resigned to the reality that any deal would almost certainly not be considered until after the election at the earliest, and potentially not until next year. Mrs. Pelosi said Thursday that she and Mr. Mnuchin continued to chip away at their differences. The White House had increased its offer to about \$1.9 trillion this week, closing the gap with House Democrats' last \$2.2 trillion proposal, while both sides worked to resolve policy disagreements. While a national testing plan edged closer to an agreement, other disputes remained unresolved. Mrs. Pelosi said the two sides were still sorting out differences on funding for schools, state and local governments. The two sides were also discussing legal protections sought by Senate Majority Leader Mitch McConnell (R, Ky.) for businesses operating during the pandemic.

Settlements Spur Shift in Police Policies

By Scott Calvert
and Dan Frosch

The 20 U.S. cities and counties with the biggest police departments have paid over \$2 billion since 2015 for alleged misconduct and civil-rights violations, according to a Wall Street Journal analysis. The payments have settled allegations of excessive force, wrongful detention and other abuses that sometimes stretch back decades and in extreme cases resulted in death or permanent injury. New York City, the nation's largest police department, has rung up more than \$1.1 billion in payouts since 2015, followed by Chicago at about \$253 million, according to data gathered by the Journal through public-records requests. Los Angeles County paid out more than \$238 million since fiscal year 2015. Police departments have faced increased scrutiny from politicians and protesters over their funding and treatment of minorities since the killing of George Floyd in Minneapolis police custody in May. Officials in several cities said they now use misconduct claims to guide police reforms, with the goal of reducing incidents that can spur potentially costly lawsuits. Chicago is using claims data to identify root causes and modify police policies and procedures, said Tamika Puckett, the city's chief risk officer, a position created last year by Mayor Lori Lightfoot, a Democrat. "We haven't always taken that approach," Ms. Puckett said. "What we're trying to do is prevent what happened in the past from reoccurring."

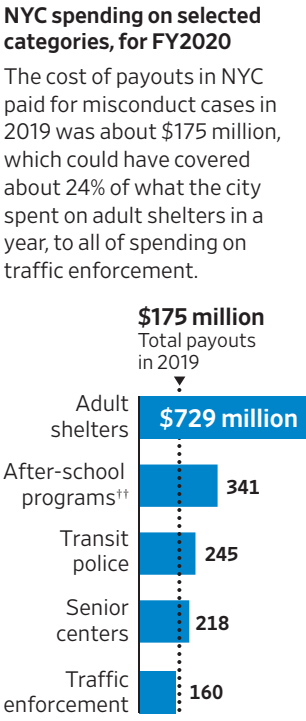
Of cities and counties with the most police officers, New York City, Chicago and Los Angeles have had the largest sum of payouts in recent years.



*Data is by latest reported figures and is reported by fiscal year for some places. Totals may include payments made between 2015 and 2020 for claims filed before 2015. Some cases involve other law enforcement agencies. Houston, which has the seventh-largest police department in the U.S., didn't provide payout data. **Totals reflect only payments made to resolve claims filed since 2015, with one exception. †Includes a small share of nonmisconduct payments. ‡Department of Youth & Community Development Out-of-School-Time programs. Sources: City and county governments (settlement amounts); FBI (number of police officers); Census Bureau (region categorizations); City of New York (NYC spending)

The city has changed how the police execute search warrants by requiring the presence of two officers in full uniform, among other changes. In addition, police recently tightened rules on vehicle pursuits because of the risk to pedestrians and other motorists. The Chicago Police Department said its own risk officer works closely with Ms. Puckett's office to assess and reduce risk in the agency's policies. A police spokeswoman

said the department is guided by data, along with national best practices and community input. Houston Police Chief Art Acevedo, who serves as president of the Major Cities Chiefs Association, said chiefs are examining the conduct that leads to settlements—not just in their own departments but nationwide. "There's consequences to these payouts," he said. "Litigation that visits City A today will more than likely visit City B tomorrow."



As calls for police reform have grown louder, some cities have become more inclined to settle misconduct lawsuits rather than go before a jury for fear of losing in court, officials said. Contentious police encounters these days are often recorded, whether by smartphones or police body cameras. Citizen-shot video has "changed the whole ballgame" by letting the public, and juries, see a version of events different from what



Group Aims to Halt Lake Tunnel

On a foggy day in mid-September, a group of mostly Native American women set out in a 32-foot wooden canoe to search the lake bed of northern Michigan's Straits of Mackinac. They wanted to get a look at energy-firm Enbridge Inc.'s Line 5 oil pipeline, where the company is proposing to build a \$500 million tunnel to encase a replaced part of the pipeline under the Straits. The group says they found numerous patterns of evenly-spaced stones under the water that could date back 10,000 years and would mark the first finding of such man-made patterns underwater outside Lake Huron. The group is hoping they have enough evidence to halt the project, which also faces some objections from local groups for environmental concerns, but they have an uphill battle. Enbridge says the purpose of the tunnel is to virtually elimi-

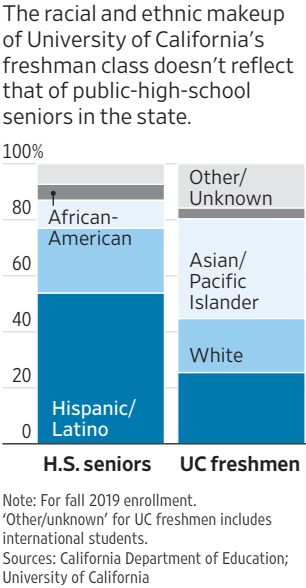
nate the chance of a pipeline spill in the Straits. The company will continue to work with the departments and agencies involved in permitting, but "at the end of the day we believe that we will be able to obtain the permits for this project," said Peter Holran, Enbridge's director of government relations, U.S. The group has submitted their findings to the state as a public comment on two of the 10 major permits Enbridge needs to begin construction on its proposed tunnel project. The state's Department of Environment, Great Lakes and Energy will make a decision on those two permits by early December. The potential archaeological site will factor into the state's decision to grant the permits, a spokesman for the Department of Environment, Great Lakes and Energy, Hugh McDiarmid Jr., said.

—Maya Goldman

Plan to Revive Affirmative Action on California Ballot

By Melissa Korn
and Christine Mai-Duc

Nearly a quarter century after affirmative action was eliminated in California following a political battle, advocates for increased racial diversity in higher education are struggling to reinstate it. A ballot measure in America's most populous state this year would overturn 1996's Proposition 209 and again allow the consideration of race, sex, color, ethnicity, or national origin in public-university admissions, as well as public employment and contracting. Despite California's shift in the past 24 years to a majority nonwhite population and its strong liberal tilt—no Republican has been elected to statewide office since 2006—the affirmative-action measure is trailing in the polls. According to a survey conducted earlier this month by the Public Policy Institute of California, Proposition 16 is supported by 37% of likely California voters, while half of those polled oppose it and 12% remain undecided. "When you get down to the brass tacks of particular policies that really would level the playing field and make up for historical injustices, there's just a lot of conflict," said



Taeku Lee, a University of California, Berkeley political-science professor who studies racial and ethnic politics and supports Proposition 16. Nine states currently have bans on affirmative action, mainly passed by referendums. Most debate on the measure this year has focused on its effect on admissions at the University of California and California State University systems. Public-university leaders have uniformly endorsed Proposition 16, saying affirmative action is necessary

for them to provide access to a population that reflects the state's racial diversity. Opponents of the measure include a former University of California regent and Proposition 209 champion, Ward Connerly. They say that affirmative action undermines a system that should be based on merit and that diversity should be achieved through means that don't consider race. "We're already very progressive, very diverse," said Wenyan Wu, executive director of Californians for Equal Rights, which is backing the "no" side. "We should celebrate the dynamic California and recognize that extra government measures on race and sex preferences are unnecessary." The Supreme Court has said schools may use race in a narrowly tailored way for admissions purposes but are barred from instituting racial quotas. The University of California uses race-neutral approaches to diversifying their student bodies, like partnerships with K-12 schools to target underserved communities and holistic admissions reviews that give less weight to test scores. But such practices haven't raised Black and Latino admissions to closely resemble their share of high-school graduates.



U.S. NEWS

Barrett Clears Committee, Senate Is Next

By SIOBHAN HUGHES

WASHINGTON—The Senate Judiciary Committee advanced Amy Coney Barrett’s nomination to the Supreme Court as Republicans voted unanimously to recommend that the full Senate approve her, paving the way for her confirmation next week.

The tally was 12-0. All 10 Democrats on the panel declined to appear at the proceedings to protest the Republican plan to fill the position just ahead of a presidential election.

The committee action clears the way for a full Senate vote that is expected on Monday. Senate Majority Leader Mitch McConnell (R., Ky.) is expected to take the rare step of keeping the chamber in session over the weekend to limit the opportunities for Democrats to delay the vote.

If confirmed as expected, Judge Barrett would give the Supreme Court a solid conservative majority that could affect the role of government, the rights of individuals, and the interpretation of such long-debated constitutional terms as equal protection, due

process of law, and cruel and unusual punishment.

Democrats fear that she could provide a crucial vote in favor of restricting abortion rights or undercutting the Affordable Care Act.

Instead of attending the vote Thursday, Democrats displayed cardboard photos of Americans with health conditions, people they said could be affected if the ACA is rolled back.

If confirmed, Judge Barrett could to be on the court in time to hear Nov. 10 oral arguments in a case challenging a central pillar of the ACA.

The committee’s action followed a hearing last week in which the judge avoided making any commitments on hot-button legal issues.

Democrats have acknowledged that they have no tools to stop the confirmation, but argued the GOP’s move to fill the seat could set in motion a chain of events that could change the institution of the Senate. Democrats said Republicans should have followed their 2016 precedent in which they refused to consider President Obama’s nominee, citing the election year.



Senate Judiciary Committee Chairman Lindsey Graham, left, sits across from an image of people who have been helped by the Affordable Care Act that occupied Sen. Dianne Feinstein’s seat after Democratic panel members boycotted Thursday’s proceedings.

Biden Backs Study Of Court Overhaul

WASHINGTON—Democratic presidential nominee Joe Biden said he intends to create a bi-partisan commission to study overhauls of the nation’s judiciary if he wins the White House, saying that the system is “getting out of whack.”

Mr. Biden said in an interview with “60 Minutes” airing Sunday that he would form a national commission of legal scholars from both parties to review the issues over 180 days and “come back to me with recommendations as to how to reform the court system because it’s getting out of whack—the

way in which it’s being handled.” An excerpt of the interview was released Thursday.

Symone Sanders, a senior adviser to Mr. Biden’s campaign, said the commission would recommend “ways to restore balance to the Supreme Court” but would also focus on the federal judiciary at large.

The former vice president has hasn’t endorsed calls from members of his party to seek an expansion of the Supreme Court after President Trump’s nomination of Judge Amy Coney Barrett to the court late in the presidential campaign. But Mr. Biden has also sidestepped questions over whether he would back increasing the number of justices on the court, saying he would announce his position before the

election.

Mr. Trump and Republicans say that Mr. Biden would “pack” the courts if he wins the presidency and have criticized him for not outlining his position on overhauling courts. Democrats have said Republicans should have followed their 2016 precedent in which they refused to consider President Obama’s nominee to the court, saying voters should make the decision in an election year.

Mr. Biden, who as a senator oversaw several Supreme Court nominations, said in the interview that he would want the commission to study “a number of alternatives that go well beyond packing.”

—Ken Thomas and Lindsay Wise

Trump Was Outspent by Challenger in Quarter

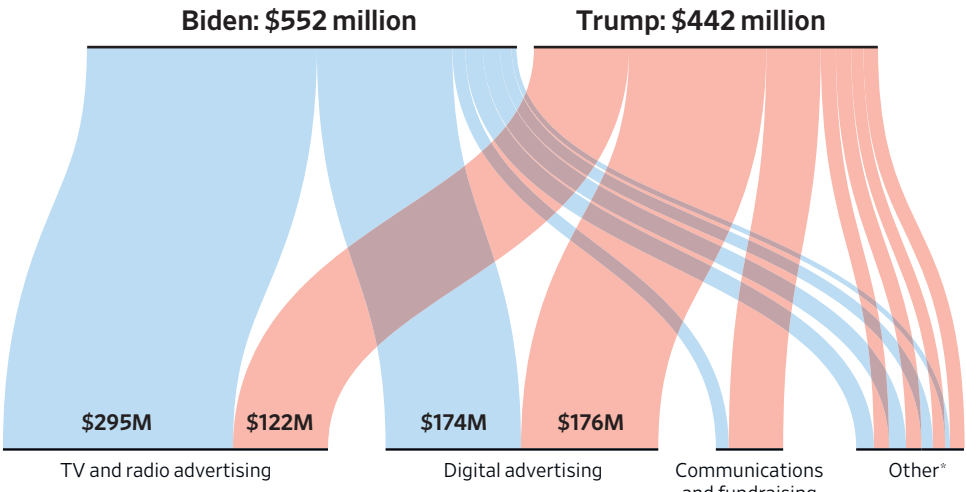
By CHAD DAY AND JULIE BYKOWICZ

Joe Biden’s campaign committees outspent President Trump’s by at least \$110 million in the third quarter, and still the former vice president ended up with a substantial cash advantage heading into the final month of the race.

Mr. Biden and the Democratic National Committee started this month with \$432 million in available cash, compared with \$251.4 million for Mr. Trump and the Republican National Committee, the latest Federal Election Commission filings show. The disparity was more pronounced when comparing just the two campaign committees: \$177 million for the Biden campaign and \$63 million for the Trump campaign.

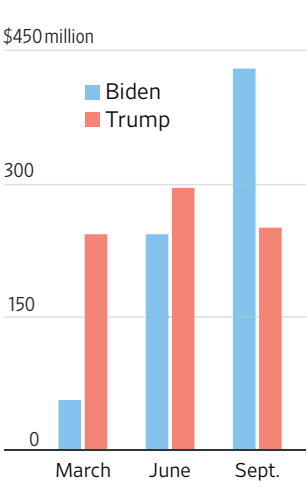
Mr. Trump won in 2016 despite being outspent by Hillary Clinton. But with the president trailing in polls nationally and in some key battlegrounds, his fundraising disadvantage comes at the most critical part of a campaign, particularly this year when historic numbers of

Total spending by candidates during the third quarter, by category



* Other includes fees, campaign infrastructure, merchandise and events and travel †Democratic cash-on-hand figures account for DNC debt
Note: Candidate totals include operating expenditures for campaigns and joint fundraising committees (Make America Great Again, Trump Victory, Biden Victory Fund and Biden Action Fund). Does not include contribution refunds or transfers.
Source: Federal Election Commission

Cash on hand at month's end†



Luis Melgar / THE WALL STREET JOURNAL

Americans are voting early.

Trump campaign spokeswoman Samantha Zager pointed to Mr. Trump’s 2016 win as evidence that large fundraising totals don’t equal voter enthusiasm. “The Trump campaign has all the resources

we need going into the home stretch of this election. We’re running a comprehensive campaign that incorporates our massive ground game, travel to key states, and ads on digital, TV, and radio,” she said.

Mr. Biden’s ability to out-

raise Mr. Trump in recent months and his outreach to voters beyond the Democratic base have made this election “a tale of two campaigns, one on the march and one in retreat,” said TJ Ducklo, a spokesman for Mr. Biden.

“We are focused on expanding the map and expanding the universe of voters we are speaking to,” he said. He noted that in addition to increasing its TV ads, the campaign has invested heavily in digital ads and get-out-the-vote efforts.

Rivals Spar In Spirited Debate

Continued from Page One
Welker, was expected to be the candidates’ last joint appearance before a large television audience, with national polls showing the Republican incumbent trailing and his campaign at a cash disadvantage.

The former vice president offered stark predictions about the nation’s potential challenges ahead, saying many more people would die without a change in strategy.

“We’re about to go into a dark winter,” Mr. Biden said. “He has no clear plan and there’s no prospect that there’s going to be a vaccine available for the majority of the American people before the middle of next year.”

The president said the country couldn’t afford to be locked up, jabbing that his rival had remained in a basement during the campaign. Mr. Biden, citing recommendations of scientists around the virus, made few in-person appearances over the summer and has a lighter travel schedule than the president.

“We can’t close up our nation or you’re not going to have a nation,” Mr. Trump said, a point he made repeatedly.

“I’m going to shut down the virus, not the country,” Mr. Biden said, adding that more federal resources are needed to allow schools and businesses to fully reopen.



The candidates’ exchanges on race and other issues were sharp but not as fiery as in the first debate.

Mr. Trump often returned to a subject that was at the center of his impeachment a year ago by the Democratic-led House. The president suggested Mr. Biden and his family members had benefited financially from his time as vice president, when his son Hunter Biden had business dealings in Ukraine and was a director of a private-equity firm in China. After Mr. Biden left office, Hunter Biden also worked for a Chinese energy company.

“There’s a reason why he’s bringing up all this malarkey,” the former vice president said. “He doesn’t want to talk about the substantive issues. It’s not about his family and my family. It’s about your family.”

Mr. Biden then tried to turn the subject to Mr. Trump’s refusal to release his tax returns, breaking with precedent from

his predecessors. “What are you hiding? Why are you unwilling?”

The president again said his taxes remained under audit by the Internal Revenue Service.

He said his accountants informed him he had prepaid millions in taxes. Though it’s not clear exactly what he meant, it’s common for people to make estimated income tax payments in advance and then use those balances to settle their tax liability, just as salaried people have income taxes withheld from their paychecks and settle up on their tax returns.

When the subject turned to energy, Mr. Biden said he would seek to transition away from oil in favor of renewable sources, stressing it would be over time. Mr. Biden said that the oil industry is a significant cause of pollution and that he would end federal subsidies.

“Basically what he is saying is he is going to destroy the oil industry,” Mr. Trump said. “Will you remember that, Texas? Will you remember that, Pennsylvania, Oklahoma?”

The president also pressured Mr. Biden on hydraulic fracking, the technology that allows oil and gas to be extracted from shale rock. “I do rule out banning fracking,” the Democrat said, though he has called for ending its use on federally controlled lands.

The candidates clashed over foreign policy, with Mr. Trump defending attempts to deal with North Korean leader Kim Jong Un, and they offered divergent views on health care.

Mr. Trump said the Affordable Care Act was facing a Supreme Court challenge because the law was “no good,” though striking down the law could

mean an estimated 20 million Americans lose health insurance. Mr. Trump’s administration is backing the challenge to the law and hasn’t offered a comprehensive alternative.

Mr. Trump, who has cast Mr. Biden as beholden to progressive members of his party, suggested that Mr. Biden would be forced to adopt “socialized medicine” if elected. “Bernie Sanders wants it. The Democrats want it,” Mr. Trump said.

Mr. Biden said that he would push for a public option to compete with private insurers, not an expansion of Medicare for all Americans.

Mr. Trump was reminded by the moderator of his criticism of the Black Lives Matter movement as a “symbol of hate” but said he had enacted policies to help minorities, including sentencing reform. He attacked Mr. Biden’s role in crafting tough crime laws as a senator in the 1990s.

Mr. Biden conceded that the 1994 crime law was a mistake, but sarcastically referred to Mr. Trump as “Abraham Lincoln” and mocked the president’s claim that he was the least racist person in the room.

Whether the debate changes the dynamics of the race is unclear, with many voters appearing locked into their choice. A national poll average from RealClearPolitics shows Mr. Trump trailing Mr. Biden by 7.9 percentage points, and state surveys suggest he’s also facing close contests in some battlegrounds he easily won four years ago.

—Joshua Jamerson, Madeleine Ngo and Sabrina Siddiqui contributed to this article.

Biden Tied To Venture By Son’s Colleague

By ANDREW DUEHREN AND JAMES T. AREDDY

An ex-business partner of Hunter Biden, in a news conference organized by the Trump campaign, alleged that former Vice President Joe Biden was part of discussions around his son’s efforts to form an investment venture with a Chinese oil company.

The Biden campaign denied Joe Biden had any involvement in the venture or stood to gain by it.

In a statement to reporters Thursday, Anthony Bobulinski said that in 2017 Hunter Biden consulted his father about a planned venture with Chinese oil company CEFC China Energy Co. to invest in the U.S. and elsewhere, in which Mr. Bobulinski was also a partner.

The venture—set up in 2017 after Mr. Biden left the vice presidency and before his presidential campaign—never received proposed funds from the Chinese company or completed any deals, according to people familiar with the matter. Corporate records reviewed by The Wall Street Journal show no role for Joe Biden.

“Joe Biden has never even considered being involved in business with his family, nor in any overseas business whatsoever. He has never held stock in any such business arrangements nor has any family member or any other person ever held stock for him,” said Biden campaign spokesman Andrew Bates.

Mr. Bobulinski said he was ranked by Joe Biden’s public statements that he never discussed the international business activities of Hunter and other family members. He also cited nearly \$5 million in payments that a Senate Republican report last month said CEFC made to Hunter Biden’s law firm as a reason to come forward.

Mr. Bobulinski said he took part in a meeting with Hunter, Joe Biden and Joe Biden’s brother James Biden in Los Angeles in 2017 in which they discussed “the Biden family business plans with the Chinese, of which [Joe Biden] was plainly familiar at least at a high level.”

A Biden campaign spokesman didn’t respond to a question about the alleged meeting. James Biden and an attorney for Hunter Biden didn’t respond to requests for comment.

Mr. Bobulinski, who was a guest of Mr. Trump’s at Thursday’s debate, displayed three phones which he said had information he would give to the Federal Bureau of Investigation. He said he would provide information to the Senate Homeland Security and Governmental Affairs Committee led by Sen. Ron Johnson (R., Wis.) Friday.

The venture with CEFC, known as SinoHawk Holdings, was half held by Mr. Bobulinski, who served as chief executive, and four other partners—Hunter and James Biden and Rob Walker, a former Clinton administration official, and James Gilliar, a British national—according to the corporate documents reviewed by the Journal.

Text messages and emails that were provided to the Journal by Mr. Bobulinski don’t show

The candidate denied any role in the tie-up with a Chinese company.

either Hunter or James Biden discussing a role for Joe Biden in the venture.

Mr. Gilliar told the Journal: “I would like to clear up any speculation that former Vice President Biden was involved with the 2017 discussions about our potential business structure. I am unaware of any involvement at anytime of the former vice president. The activity in question never delivered any project revenue.”

A 2017 email from Mr. Gilliar to Mr. Bobulinski proposed a possible equity arrangement for the partners. The email references “10 held by H for the big guy?” Mr. Bobulinski said “H” was Hunter Biden and the “big guy” was Joe Biden. Mr. Gilliar didn’t respond to a request for comment; nor did Mr. Walker.

—Andrew Restuccia contributed to this article.

Special Advertising Feature

APPLYING THE HUMAN TOUCH TO TECHNOLOGY TODAY

Discover how Samsung is nurturing a new generation of creative entrepreneurs



Technology is more than just a business—it’s an ecosystem. And just as an enormous tree supports a world of birds, insects and smaller plants in a symbiotic system, private enterprise has a role to play in nourishing fledgling new companies and innovation.

That’s the goal behind **C-Lab Inside**, **Samsung Electronics’** idea incubation program, which began as the Creative Lab in 2012 as a way for employees to propose and nurture their creative ideas into meaningful initiatives. Since then it has expanded to include C-Lab Spin-off, which helps employees create their own startups, and C-Lab Outside, which gives a boost to entrepreneurs outside of Samsung.

Designed and operated as a “holacracy,” C-Lab embraces a flexible structure that gives those who propose ideas the power to build their own teams, while also granting each team the autonomy to create their own working environment. All employees are welcome to pitch ideas and encouraged to set challenging goals without fear of failure.

There is now a whole ecosphere of projects that were nurtured by C-Lab—most of them based around human-centered design and created to offer support in critical areas. **Linkflow**, for example, was established by four Samsung employees in 2016 to offer wearable 360-degree cameras. Though it was conceived as a way to capture beautiful scenery, the technology has proven particularly useful for remote medical treatment, becoming especially relevant in the midst of the Covid-19 epidemic by allowing users to easily facilitate remote consultations. The company now employs a staff of 37.

The C-Lab Outside accelerator came later, allowing independent start-ups to take advantage of Samsung’s expertise and platform in accelerating their business growth. These resources have been critical in helping companies to get off the ground, supporting South Korea’s efforts to encourage innovation and entrepreneurship, while creating job opportunities.

One example is **Counter Culture Company**, which runs ED, an online platform for learning K-Pop dance. ED was first drawn to the program when Samsung launched its lifestyle television The

Sero, meaning ‘vertical’ in Korean—a reference to its design, which rotates to accommodate mobile video. “The first thing that came to our mind was that it’d make a great fit with our K-Pop training content,” says CEO and founder William Son. “With consumers moving toward mobile, we saw a big opportunity with vertical content.”

C-Lab Outside helped advise ED on growth strategies, platform development and a physical space where the company



could run its business, allowing it to focus on its biggest challenge: How to deliver the immersive experience of offline training to each user’s home.

The answer came down to user experience—a crucial consideration for anyone developing new technology today. “The reason why people enjoy using some products rather than others is not only about functionality,” says Kenny Chow Kanin, an associate professor at Hong Kong Polytechnic University who specializes in interaction design. “Just look at all the products today. Many different brands provide comparable products in terms of function. In the end, why people purchase one product over another comes down to user experience. It’s about tiny little things and subtle details.”

ED addressed this challenge by looking at how K-Pop performers actually train. “Inspired by the trainees following an instructor and perfecting their moves via the dance studio mirror, we developed a training studio which enables the users to practice side by side with the instructors just by connecting through the smartphone or webcam,” says Jae Shim, content director of ED and performance director of SM Entertainment.

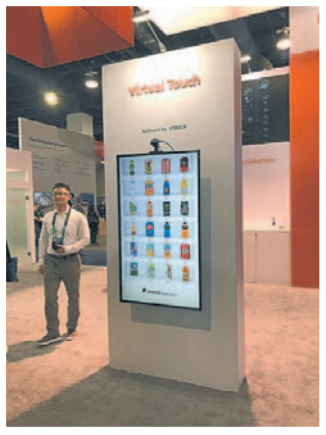
Subscribers to the service receive personalized feedback and the platform allows them to chat with fellow trainees, just like in real life. And they also have the chance to audition for K-Pop management companies online, giving them a shot at turning their passion into a profession.

Creating a strong user experience was essential for another C-Lab Outside member, **Vtouch**. “We are developing a virtual touch interface,” explains founder Nathan Kim. Vtouch has built a seamless interaction between user and platform that uses 3D-camera technology to track users’ movements to control touch screens without actually touching them. The cameras can detect movement from between two and 200 centimeters, which can potentially serve a wide range of functions, from shopping mall directories to subway ticket machines to check-in kiosks at airports.

After exhibiting at CES 2020 thanks to support from Samsung, Mr. Kim says the company has received plenty of interest from the retail sector and elevator companies, especially now that the Covid-19 pandemic has made the public wary about touching anything shared by other people. The first virtual touch kiosk should be ready for use by the end of the year.

But there is much more potential beyond kiosk screens and elevator buttons. Mr. Kim sees the technology being useful at home, where it could replace finicky voice command devices. And it would be especially handy inside cars, where buttons are being replaced by touch screens that often require a driver to go through several layers of menus in order to access a certain function.

It all goes back to applying the all-important human touch. “Our system is as close to the experience of touch as possible, so users don’t need to learn new gestures,” says Mr. Kim. “We just want to make it as natural as possible.”



The Wall Street Journal news organization was not involved in the creation of this content. This content was commissioned by Samsung.

U.S. NEWS

Virus’s Spread Accelerates

Covid-19 cases pass 60,000 for second day; states in Midwest are among hardest hit

By Talal Ansari

The U.S. reported more than 60,000 new coronavirus cases for the second day in a row, as the spread continues to accelerate in most states.

The widespread nature of the current surge differentiates it from the spring and summer waves. On Wednesday, 24 states recorded more than 1,000 new cases, a contrast to the summer when California, Texas and Florida accounted for the majority of daily cases. On a handful of days in July, Texas and Florida together reported more than 20,000 cases each day.

Similarly, at the start of the pandemic, states in the Northeast, notably New York and New Jersey, accounted for most new cases.

Some of this is attributable to a significant expansion of testing, which rose to a record Monday when more than 1.2 million tests were performed, according to data for the Covid Tracking Project. On Wednesday, more than 870,000 tests were recorded. Widespread availability of testing helps detect more mild or asymptomatic cases.

However, the percentage of those tests that are positive, known as the positivity rate, has also been rising, reaching 5.6% from 4.6% about a month ago. That figure is expected to



Testing for the virus has expanded significantly. Above, a house in San Francisco wears a mask.

fall as testing expands.

And the number of those hospitalized continues to rise, hitting 40,271 on Wednesday, the most since Aug. 21, according to the Covid Tracking Project. That number has been climbing steadily since Sept. 20 and is up 31% since Oct. 1.

Although the virus is spreading in all regions of the country, several Midwestern states are among the hardest-hit. Wisconsin has reported more than 80,000 cases over the past month. During the prior month, it reported just over 33,000.

Wisconsin and Illinois each recorded more than 4,000 cases Wednesday, surpassing reported totals from California

and Florida, two former Covid-19 hot spots, and states with much larger populations.

Altogether, more than 62,000 cases were reported Wednesday, according to data compiled by Johns Hopkins University, exceeding the 60,315 reported on Tuesday. Since the pandemic began, more than 8.39 million cases have been reported in the U.S. and more than 222,800 Americans have died.

More than 1,100 deaths were reported across the U.S. on Wednesday, up from 933 a day earlier.

Reporting varies among states, and deaths recorded on a certain day might have happened on a different date.

Deaths can lag behind a

surge in cases by six weeks, or more.

The seven-day moving average of deaths has outpaced the 14-day average in the past eight out of 13 days, suggesting a rise.

But health experts have said a combination of earlier detection, better treatment and a younger population contracting the virus has led to a lower death rate than earlier in the pandemic.

According to Johns Hopkins, the U.S. case-fatality rate, which is the percentage of all reported cases that are fatal, is 2.7%.

World-wide, more than 41.5 million cases have been reported, and more than 1.13 million people have died.

FDA Promises Strong Vaccine Safety Standards

By Thomas M. Burton

SILVER SPRING, Md.—**Food and Drug Administration** officials gave fresh assurances Thursday that Covid-19 vaccines will undergo rigorous testing before being made widely available—a message they underscored in a meeting with outside medical experts aimed at bolstering the agency’s credibility.

“Only those vaccines that are demonstrated to be safe and effective” will be licensed by the FDA, said Marion F. Gruber, director of the FDA’s Office of Vaccines Research and Review. But some speakers and panel members raised concerns about whether the FDA’s vaccine guidelines for Covid-19 clinical trials are sufficiently rigorous.

These comments came at the first meeting of a 25-member panel of medical experts, including specialists in fields like virology, infectious diseases and biostatistics. The group, which met remotely via video-conferencing, was established to make recommendations to the FDA on how best to assess the safety and effectiveness of vaccines.

“The FDA frequently convenes outside panels of medical experts for their advice on products,” said Peter Marks, director of the FDA’s center for biological products. “But normally panels about vac-

cines are watched by dozens of people. In this case, it’s watched by many thousands.”

Even after a vaccine is released, the FDA will continue to monitor it for years to look for rare adverse events by tracking Medicare databases, hospital reports and insurance claims, said Steven Anderson of the FDA’s biological products center.

FDA officials hope the panel hearing will help establish public trust in the safety and efficacy of a Covid-19 vaccine. President Trump has pushed to get a vaccine approved quickly, which has drawn concern from some public health experts and political opponents that the FDA would be under pressure to bypass usual precautions to rush a vaccine to market quickly.

FDA officials have vowed not to do so.

They also formulated a set of rigorous standards for the FDA to employ before granting what is known as an emergency-use authorization (EUA) for a vaccine. The EUA is the faster equivalent during the Covid-19 pandemic of a conventional approval by the agency.

Agency officials, headed by Commissioner Stephen Hahn and Dr. Marks, have created standards that would make it unlikely for such an authorization to be made before the Nov. 3 election.

New Orleans Mayor Fights Team Over Covid

By Andrew Beaton

New Orleans Mayor LaToya Cantrell remembers the earliest days of the pandemic, when her city was ravaged by Covid-19. She saw how economic, health and racial disparities contributed to a death rate that was once higher than any other area in the country.

New Orleans has since crushed its curve—virus rates are relatively low, schools are back and businesses are going through a phased reopening. Ms. Cantrell wants to keep it that way. She doesn’t want Bourbon Street packed with beer drinkers and out-of-towners spreading the virus and forcing her to shut those schools and businesses.

It’s why Ms. Cantrell has been willing to battle the most popular entity in her city: the NFL’s New Orleans Saints.

Ms. Cantrell has rebuffed the team’s efforts to allow tens of thousands of fans into the Superdome, in a feud that saw the Saints threaten to depart temporarily in the middle of the season. “If this is between life and death, I have a responsibility to choose life for my people,” Ms. Cantrell said this week.

After weeks of tension, she and the Saints agreed Tuesday on a compromise to allow a trial in which 3,000 fans are allowed to attend this weekend’s game. That’s far from the 20,000 the team wanted.

The dispute is a window into the decisions cities and states have faced during football’s



The New Orleans Saints and the Tampa Bay Buccaneers played in the Superdome in New Orleans in September, without fans.

pandemic season. Ms. Cantrell’s stance differs from local and state officials across the country who have decided it’s acceptable for crowds to gather in the middle of the pandemic to watch America’s most popular sport. So far, more than half the NFL’s teams have received permission to host fans in some capacity.

The Saints have been an outlier in the South, where football crowds are already nearly universal. The Dallas Cowboys, Houston Texans, Carolina Panthers, Atlanta Falcons, Jackson-

ville Jaguars, Miami Dolphins and Tampa Bay Buccaneers already welcomed fans. So did the 14 schools in college football’s Southeastern Conference. That includes LSU, which plays in Baton Rouge, where the Saints said they might have to move their home games if Ms. Cantrell didn’t relent.

But New Orleans officials don’t think football’s popularity makes enormous crowds resistant to the virus and public-safety guidelines trying to mitigate its spread.

“There are risks in every-

thing—and, yes, political ones. But that can’t drive my decisions,” Ms. Cantrell said. “The data doesn’t lie.”

In April, coronavirus deaths per capita in the New Orleans area were higher than anywhere in the U.S. Mardi Gras, which in February came before lockdowns began and gathered enormous crowds, was later seen as a potential root of the spread. Saints coach Sean Payton was the first known case of the virus inside the NFL.

Ms. Cantrell, a 48-year-old Democrat who is Black and the

city’s first woman mayor, rose in politics because of her response to the city’s last major crisis. After Hurricane Katrina in 2005, she led a campaign that pushed back against a plan to raze her neighborhood and its homes to create parks.

The Saints began their season playing without fans and asked the city about bringing in a partial crowd. The city balked, and Saints executive Greg Bensel said last week that the team had engaged in discussions with LSU about moving its games there.

Palantir To Help U.S. Track Vaccines

By Peter Loftus and Rolfe Winkler

Data-mining company **Palantir Technologies** Inc. is helping the federal government set up a system that will track the manufacture, distribution and administration of Covid-19 vaccines, state and local health officials briefed on the effort said.

Palantir has been developing software that federal health officials would use to manage the various vaccine data and identify any issues that could prevent Americans from getting the shots, according to the health officials and materials reviewed by The Wall Street Journal.

The system, Tiberius, marks an attempt to use cutting-edge data science to help the federal government manage the work of protecting Americans against Covid-19.

It would build on work that Palantir, which was credited with helping the U.S. military track down Osama bin Laden and developed the software that immigration authorities have used to find illegal immigrants, has been doing for federal health officials tracking coronavirus hospitalizations.

State and local health officials who are setting up programs for vaccinating residents said the Tiberius system could further their efforts by, for example, identifying high-priority populations and then allocating shots to health-care workers, the elderly and others at highest risk of infection.

Palantir’s involvement could draw fire from some Democrats and privacy advocates who have previously expressed concerns about the company gaining access to sensitive personal health information.

The state and local health officials said they were told during a recent briefing by federal counterparts that Palantir was involved in the effort. A spokeswoman for the Department of Health and Human Services said Tiberius uses Palantir technology, with Palantir serving as a subcontractor.

The Tiberius system won’t have access to personal health information, said Claire Hannan, executive director of the Association of Immunization Managers, whose members manage state and local government vaccination programs. An HHS spokeswoman said no personally identifiable information will be brought into Tiberius.

Walmart Seeks to Block Move

Continued from Page One

in federal court in the Eastern District of Texas.

The Justice Department and DEA declined to comment.

Walmart’s lawsuit is an unusual and aggressive tactic for a company in high-stakes talks with the department. Its suit won’t necessarily head off any Justice Department action, but a court ruling embracing the company’s view of the law could give it a weapon against any government case. Quicken Loans Inc. tried a similar tactic against the federal government in 2015 to avoid being pegged with mortgage fraud, but the Justice Department sued weeks later in a case Quicken settled last year.

Walmart said the department has identified hundreds

of specific doctors as having written problematic prescriptions that company pharmacists allegedly shouldn’t have filled, according to the government. But nearly 70% of those doctors continue to have active DEA registrations, the company said.

“In other words, defendants want to blame Walmart for continuing to fill purportedly bad prescriptions written by doctors that DEA and state regulators enabled to write those prescriptions in the first place and continue to stand by today,” Walmart said in the suit.

Walmart is one of several large companies that have been targeted in lawsuits by state and local governments for allegedly helping to fuel the opioid crisis. About 3,000 of the cases have been consolidated in a federal court in Ohio, where a judge has pressed both sides to settle for nearly three years.

Plaintiffs focused less on Walmart in the early days of the opioid litigation, though the company has since been sued by counties and a handful

of states across the country for its role as both a distributor of opioids to its own stores and as a pharmacy.

Two Ohio counties slated to take Walmart to trial next year accuse the retailer of failing to stop high-volume orders of controlled substances that it should have known were being diverted for improper uses. In

Walmart claims the U.S. is pressuring for ‘a massive civil penalty.’

an amended complaint filed in June, the plaintiffs allege Walmart had no formal policy to catch suspicious orders until 2014, and that even afterward, it never flagged any such orders to the DEA. The lawsuit cites the Ohio city of Cortland, where it says one Walmart store bought enough oxycodone and hydrocodone from 2006 to 2014 to supply 29 pills a year

for each of the approximately 7,100 people who lived there.

Walmart pharmacists felt pressure to fill prescriptions quickly, the plaintiffs alleged, and had incentive bonuses tied to volume. Walmart stopped serving as its own distributor of controlled substances in 2018.

Walmart has denied the allegations.

The Justice Department previously launched a criminal investigation, based out of the U.S. attorney’s office for the Eastern District of Texas, related to Walmart’s dispensing of opioids. The department’s leadership in Washington decided in 2018 against bringing charges, according to the company’s lawsuit. The department’s decision not to prosecute was reported previously by ProPublica.

Walmart in its complaint Thursday alleges federal prosecutors “tried to use the threat of criminal indictment to pressure the company into paying a massive civil penalty.” One U.S. attorney suggested the company could afford to pay \$1 billion, the lawsuit said.

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U.S. NEWS

Senate Panel Can Subpoena Tech CEOs

By SIOBHAN HUGHES
AND SARAH E. NEEDLEMAN

The Senate Judiciary Committee authorized its chairman to issue subpoenas to the chief executives of **Facebook** Inc. and **Twitter** Inc. after the companies limited sharing of New York Post articles regarding the son of Democratic presidential nominee Joe Biden.

The Republican-led panel voted 12-0 to authorize Chairman Lindsey Graham (R., S.C.) to issue subpoenas to Facebook’s Mark Zuckerberg and Twitter’s Jack Dorsey.

Congress typically negotiates with companies to receive voluntary testimony at hearings, opting for subpoenas only if executives resist.

Facebook and Twitter declined to comment.

Democrats sat out the meeting, as they boycotted a separate committee vote to advance Supreme Court nominee Amy Coney Barrett to the full Senate.

Twitter last week blocked users from posting links to the New York Post articles, initially citing the potential that the materials had been hacked, which would violate company policy. The company later said the articles also violated its policies on displaying private information like email addresses without a person’s permission. Mr. Dorsey said at the time the company’s failure to give context around its actions was unacceptable.

Twitter’s move came after Facebook also limited the distribution of the articles on its platform.

A New York Post spokeswoman declined to comment on the matter. In an article Wednesday, the Post described the blocking of its Twitter account as a “hostage situation.”

The Post is owned by **News Corp.**, which also owns The Wall Street Journal.

Mail Has Slowed, Watchdog Says

By REBECCA SMITH
AND JOE PALAZZOLO

A dramatic and lasting slowdown in mail delivery flowed from actions that Postmaster General Louis DeJoy initiated or that were accelerated after he took office in June, according to an analysis by the U.S. Postal Service’s watchdog.

The report, published this week by the Postal Service’s Office of Inspector General in response to Congressional requests, comes as interest in the postal operations is soaring because of the presidential election and the pandemic—both of which have increased reliance on timely delivery of mail. Due to a surge in voting by mail, the Postal Service has become as critical a part of the nation’s election machinery this year as voting machines.

The Inspector General said Mr. DeJoy, a former logistics executive and major Republican Party donor, initiated three major changes after he took office on June 15, including the elimination of late and extra trips to transport mail, an experimental program that changed how letter carriers sorted and delivered mail in hundreds of ZIP Codes, and a corporate reorganization.

Those and dozens of other changes, the report said, resulted in widespread pileups of mail at processing facilities and post offices that have still not been eliminated.



Postal workers loaded their vehicles at the Panorama city post office in Los Angeles in August.

The report concluded the changes, along with staff shortages, “negatively impacted the quality and timeliness of mail delivery nationally.” The report also found an acceleration in the removal of blue letter-collection boxes after Mr. DeJoy’s arrival.

The Postal Service said in response to the report that it disagreed with several findings, including that changes enacted this year were intended to be transformational. It said its actions this summer were part of “normal ‘blocking and tackling’ initiatives neces-

sary to meet the annual financial plan and to adjust to the perennial declines in mail volume that have been occurring for over a decade.” It added these efforts were similar to ones pursued many years before Mr. DeJoy’s arrival.

Nevertheless, the inspector general found that on-time delivery of first-class mail, which can include election ballots, plunged below 80% in July from 90% previously. First-class mail had an on-time delivery rate of 86.8% as of Sept. 3, still well below an internal target

of 96%, according to the report.

Some Democratic members of Congress have accused Mr. DeJoy and members of the USPS board of governors—all of whom were confirmed since President Trump took office—of politicizing an organization that previously was regarded as nonpartisan, possibly to undermine mail-in balloting. Currently, most of the members of the USPS board are Republicans. Two seats earmarked for Democrats are vacant.

Mr. DeJoy has strongly and repeatedly denied that he has

any agenda other than to reduce an annual deficit expected to top \$7.6 billion this year and improve postal efficiency.

The collective goal of roughly 60 operational changes enacted this year was to reduce USPS payroll by 64 million hours, the report found, but noted that the plan wasn’t scaled back even after staffing shortages caused by the pandemic became apparent.

Investigators concluded that the Postal Service hit the accelerator this summer without first conducting pilot programs or a detailed analysis to determine what the impact would be on service quality.

The OIG report faulted the Postal Service for providing incomplete information to Congress, in some cases, though it said what was provided was “generally accurate.”

The Postal Service said it takes congressional oversight seriously and didn’t inform Congress about all changes under way because it viewed many as routine.

Rep. Gerald E. Connolly, a Virginia Democrat and chairman of the House Subcommittee on Government Operations, called for Mr. DeJoy’s removal this week.

Rep. James Comer, a Kentucky Republican and ranking member of the House Committee on Oversight and Reform, said accusations against Mr. DeJoy were baseless.

Agencies Say Russia Hacked City, State Networks

By ROBERT MCMILLAN
AND ALEXA CORSE

Russian government hackers have targeted dozens of state and local government and aviation computer networks since last month and stolen data from at least two servers, actions that could presage efforts to undermine the election, two federal agencies said Thursday.

While there is no evidence that any election data have

been compromised, the attacks may present “some risk” to election information housed on state and local government networks, the Federal Bureau of Investigation and the Cybersecurity and Infrastructure Security Agency said.

CISA’s top official, Christophe Krebs, said the alert about Russian activity described a broad campaign. “Our theory is that there’s broad scanning looking for vulnerabilities,” Mr. Krebs

said.

He added: “It’s an opportunistic activity. We don’t have any reason to believe they were looking for election infrastructure, election-related information. They just found themselves there.” And Russia, he said, isn’t alone in trying to undermine the U.S. election. “Iran is very active. Russia isn’t quite as active,” he said.

The Russian hacking group linked to these attacks is

known under various names including Energetic Bear and Dragonfly, the alert said. Government officials have previously linked the group to attacks on U.S. electrical infrastructure.

This actor “may be seeking access to obtain future disruption options, to influence U.S. policies and actions, or to delegitimize [state and local] government entities,” the alert said.

Russian officials have previously denied attempts to hack into U.S. computer networks. The Russian Embassy in Washington, D.C., didn’t respond to a request for comment.

The warning is the latest in a drumbeat of government alerts about possible election threats and comes a day after U.S. officials said that Iran and Russia are acting to influence public opinion during the presidential election.

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WORLD NEWS

Vatican Extends Bishops Pact With China

Agreement gives both sides a say in appointments, but draws sharp criticism

China and the Vatican renewed a controversial power-sharing agreement on the appointment of bishops, which has drawn disapproval from Washington and Catholic critics, who say Pope Francis has compromised on defending religious freedom in the country.

By Francis X. Rocca in Rome and Chun Han Wong in Hong Kong

The renewal of the 2018 accord for another two years was announced Thursday by the Holy See and China's Ministry of Foreign Affairs.

The Vatican signed the deal in September 2018 seeking to promote unity among China's estimated 10 million to 12 million Catholics, divided for more than half a century between those registered with the Chinese government-controlled Catholic Patriotic Association and a so-called underground church loyal only to Rome.

Two years later, the results of the agreement haven't "been particularly brilliant," Cardinal Pietro Parolin, the Vatican secretary of state, said in September. The deal, whose details have never been published, gives both sides a say in the appointment of bishops.

The pact has affected the Holy See's dealings with Washington, becoming the strongest source of tension between them since the U.S.-led



Pope Francis first agreed to the deal in 2018, seeking to promote unity among China's estimated 10 million to 12 million Catholics.

invasion of Iraq in 2003, which Pope John Paul II opposed.

U.S. Secretary of State Mike Pompeo forcefully criticized the Vatican's deal with Beijing in September, saying it hadn't protected Chinese Catholics' religious freedom and that its renewal could jeopardize the Holy See's moral authority.

The Vatican said Thursday that it considered the first two years of the agreement with China "to have been positive, thanks to good communication

and cooperation" with Beijing.

The two sides have appointed only two new bishops since the deal was first signed. While Pope Francis lifted the excommunications of seven bishops who had been appointed by the government without Rome's approval, there are at least 10 underground bishops awaiting approval by Beijing, said the Rev. Bernardo Cervellera, editor in chief of the Rome-based website AsiaNews.

In an extraordinary sign of dissatisfaction, a bishop in Southeastern China announced this month that he had submitted his resignation to Pope Francis. Bishop Vincent Guo Xijin, a former underground bishop, told his flock that he wasn't "in step with the times" and didn't wish to be an "obstacle to progress."

Bishop Guo stepped down two years ago as leader of the Mindong Diocese in favor of a formerly excommunicated gov-

ernment-appointed bishop, to facilitate the Vatican-China agreement. But Bishop Guo was supposed to remain as an auxiliary bishop, ministering to Mindong's underground community, which Father Cervellera said accounts for at least half of the diocese's more than 80,000 Catholics.

However, the Holy See withdrew his authority to perform that role earlier this year, Father Cervellera said, even as Beijing continued to pressure

the bishop to join the Patriotic Association, making his position as bishop unsustainable.

A senior Vatican official familiar with the matter said that the pope hadn't accepted Bishop Guo's resignation and that it was unclear when he might do so.

Father Cervellera said that in parts of China with large numbers of underground Catholics the deal on the appointment of bishops has made reconciliation between the registered and underground communities more difficult because the latter tends to believe the Vatican has conceded too much to the government.

Joseph Zen, a retired cardinal and a former bishop of Hong Kong, lashed out at the Vatican for ignoring Beijing's clampdown on civil liberties and religious freedoms, after he failed to secure a meeting with Pope Francis during a visit to the city-state last month to lobby against a renewal.

"It seems that to save the agreement the Holy See is closing both eyes on all the injustices that the Communist Party inflicts on the Chinese people," Cardinal Zen said in an Oct. 9 blog post. The Vatican didn't respond to requests to comment.

Other analysts said the pact brought some progress. Francesco Sisci, an Italian China expert who teaches at the Renmin University of China in Beijing, noted that millions of Chinese were able to follow Pope Francis' morning Masses via WeChat this spring, during Italy's Covid-19 lockdown. That gave Chinese Catholics unprecedented exposure to their spiritual leader, he said.

Thailand Lifts Emergency Decree

By FELIZ SOLOMON

Thailand rescinded an emergency decree issued last week that banned public gatherings, a reversal that embattled Prime Minister Prayuth Chan-ocha said was a good-faith gesture aimed at defusing protests against his administration.

Thousands of demonstrators have taken to the streets every day since the decree was passed on Oct. 15, defying government orders and calling for Mr. Prayuth's resignation.

Police responded by arresting key organizers of the youth-led movement, which is seeking greater democracy, and used water cannons to disperse crowds on Friday—measures that further invigorated protesters.

"As the leader of the nation who is responsible for the welfare of all Thais—whether they be protesters or the silent majority with whatever political convictions—I will make the first move to de-escalate this situation," Mr. Prayuth said in a televised address on Wednesday, when he declared his intention to roll back emergency measures.

The government announced on Thursday that the emergency order had officially been revoked, effective immediately.

Mr. Prayuth also has endorsed an extraordinary session of parliament to be held next week—the legislature is currently in recess—and called



Pro-democracy protesters gear up to face police during an anti-government demonstration in Bangkok.

on his critics to allow lawmakers to resolve the situation.

Antigovernment protesters have been ramping up pressure for months, demanding the dissolution of Mr. Prayuth's government, a new constitution to diminish the military's hold on power, and an end to what they say is the harassment of critics.

Mr. Prayuth is a former army chief who led a coup in 2014 and became an elected prime minister after a vote last year.

Opposition leaders and democracy activists say the election unfairly favored his mili-

tary-backed party, which Mr. Prayuth denies.

Some activists also have called for sweeping changes to curtail the influence of the nation's powerful throne, defying a longstanding taboo.

Thailand has one of the world's strictest lèse-majesté laws under which perceived insults to the monarchy are punishable by up to 15 years in prison. The palace hasn't commented on the protests.

The government said last week that the emergency order was necessary due to "an action that had an impact on a royal motorcade," referring to

an incident in which protesters jeered as a limousine carrying the queen passed by.

The decree declared a "severe state of emergency" in the capital Bangkok, imposing strict new measures in addition to those already in effect due to the coronavirus pandemic.

Under the severe state of emergency, gatherings of five or more people were banned and authorities had broad powers to scrutinize content published in the press and on social media.

—Wilawan Watcharasakwet contributed to this article.

Poland Court Tightens Strict Abortion Laws

By DREW HINSHAW AND NATALIA OJEWSKA

WARSAW—Poland's top court declared abortions unconstitutional when conducted because of fetal abnormalities, a victory for the Catholic conservative ruling party in its yearslong struggle to further tighten some of Europe's strictest such laws.

Poland will now allow abortions only in cases of rape, incest, or when the health of the woman is at stake. Its laws make the majority Catholic country nearly the hardest place in the European Union to terminate a pregnancy, excluding tiny states such as Malta or in jurisdictions such as Northern Ireland, where such procedures are illegal.

Cases in which there was a high probability of a severe fetal impairment or incurable disease accounted for 97% of abortions last year in Poland. In its ruling on Thursday, the Constitutional Tribunal said to terminate a pregnancy for such reasons was a form of "eugenic practices."

The ruling satisfied a long-held goal of Poland's Law and Justice party, which is allied with the Catholic Church. Since coming to power in 2015, the party has tried to remove the fetal-exemption clause, one of the few allowances in a 1993 law that overturned the Com-

munist era's more tolerant policy toward abortion.

In 2016, the party tried to pass legislation that would ban abortion in nearly all cases, including rape, but backed down after tens of thousands of people protested in Warsaw and other cities.

Thursday's ruling came in a sharply different climate. Poland is in the middle of a wave of Covid-19 infections, with a record-breaking 12,107 cases registered Thursday. Weddings, funerals and other gatherings have been forbidden and the national news has focused on scenes of ambulances lined up at unprepared hospitals.

The government applauded the ruling. "We are expressing satisfaction that the Constitutional Tribunal took the side of life," said Blażej Spychalski, spokesperson for President Andrzej Duda.

About 150,000 Poles each year leave the country to terminate pregnancies in neighboring states such as Slovakia, women's rights groups say. Thursday's ruling would exacerbate the difficulties, said Małgorzata Kidawa-Błońska, deputy-marshal of the Parliament.

"In the end it will make women's lives hell," she said. "It strips women of their right to make a choice. It will not be them who will make the decision, but the soulless law."

Lebanon Ex-Premier, Targeted by Protesters, Returns to Power

By NAZIH OSSEIRAN AND ISABEL COLES

BEIRUT—Former Lebanese Prime Minister Saad Hariri was nominated as the country's next premier a year after he quit the position under pressure from popular protests, a move that risks angering many Lebanese who sought a complete overhaul of the political system they blame for the deadly Beirut explosion.

President Michel Aoun on Thursday tasked Mr. Hariri with forming a new government after a majority of lawmakers backed him.

His designation comes after another candidate quit last month upon failing to form a government.

Speaking after his meeting with the president, Mr. Hariri vowed to act swiftly. "I am adamant on keeping my promise...by working to stop the collapse that threatens our

economy, our society, and our security," he said in an address broadcast live.

The last government, headed by Hassan Diab, collapsed in the wake of a massive explosion that tore through the Lebanese capital in August, killing nearly 200 people and compounding an economic crisis that has cast more than half the population into poverty.

The hope is that a new government will take steps to secure a \$10 billion International Monetary Fund bailout and unlock aid that Western leaders have made contingent on reforms to the political system.

The Lebanese pound, which has lost 80% of its value against the dollar since last year, gained against the greenback on the black market in the days leading up to Mr. Hariri's expected designation.

For many Lebanese, however, Mr. Hariri's return underscores the ruling elite's resis-

tance to change.

"They are naively thinking that by getting Hariri back, they would get international support," said Assad Thebian, executive director of Gherbal, a group lobbying for access to public information.

A majority of lawmakers back Mr. Hariri, who first came to power in 2005 after inheriting purported leadership over Lebanon's Sunni community from his slain father. He is an ally of the West and was traditionally backed by Saudi Arabia.

But Mr. Hariri's international supporters have become wary of investing political and financial capital in Lebanon with little or nothing to show for it.

France and the U.S. have conditioned any aid to Lebanon on deep-rooted reforms that would touch at the heart of the political elite's control over the levers of the state.

Mr. Hariri must name his cabinet, an arduous task beset by local and regional calculations—usually months of political horse trading precede any consensus.

In Lebanon, senior government positions are divided between the country's religious

Saad Hariri vowed to work to stop the collapse of the economy and society.

groups and confessions. The prime minister is always a Sunni, the president a Maronite Christian and the speaker of parliament a Shiite.

Two of Lebanon's largest factions, Mr. Aoun's Christian Free Patriotic Movement and Mr. Hariri's Sunni Future

Movement, disagree over the shape of the coming government, according to two people familiar with the cabinet formation process.

A previous attempt to form a government failed when the prime minister-designate, Mustapha Adib, quit, citing the political class's unwillingness to agree on a cabinet lineup that would break with the traditional power-sharing formula.

Since resigning in August, Mr. Diab's cabinet has acted as a caretaker government with limited powers. His cabinet was exclusively made up of Iran-backed Hezbollah and its allies.

Meanwhile, Lebanese are struggling to adjust to a new economic reality, with many seeking to bail out of the country.

More than two months since the explosion, nobody has been held accountable for allowing nearly 3,000 tons of highly ex-

plosive material to be stored for seven years at Beirut port.

Annual inflation has reached 462%, according to Steve Hanke, senior fellow and director of the Troubled Currencies Project at the Cato Institute. Facing a hole in their balance sheets, banks have locked depositors out of their accounts.

With reserves running low, the central bank has warned it may remove subsidies on fuel, medicine and some food, triggering panic-buying and hoarding.

Meanwhile, the small Mediterranean country of four million is recording more than 1,000 new Covid-19 cases a day, according to the health ministry. Hospital beds designated for coronavirus patients are nearing capacity, according to a Lebanese doctor.

The once jubilant atmosphere of the protests that toppled Mr. Hariri last year has given way to despair.

FROM PAGE ONE

The Name’s Jim Bond

Continued from Page One

James Bond. The file, since declassified and recently posted on social media, has prompted a debate among Polish historians and the general public over whether the now-deceased Mr. Bond—who was officially an embassy secretary—was a spy. If not, why would a secretary be sneaking up to military bases, before later disappearing from Polish soil? If so, what kind of spy keeps the name James Bond?

“I mean, come on,” said Marzena Kruk, director of Poland’s Institute of National Remembrance, which held the

files. “He was a spy, doing spying things.”

The archivist who found the 44-page file, Włodzimierz Lechnio, thinks that is jumping to a hasty conclusion. “He was only a secretary,” he said. “The evidence here doesn’t really indicate that he was a spy.”

Said Ms. Kruk: “All possibilities are possible.”

The debate has spread through Polish officialdom, with diplomats tasked with determining the true nature of Mr. Bond’s visit, 56 years ago. The British Secret Intelligence Service, commonly known as MI6, declined to comment.

Retired communist agents have broached the case with former superior, Filip Hagenbeck, the ex-leader of Counterintelligence Branch Ten.

“Frankly speaking, I don’t think he was a spy,” said Mr. Hagenbeck, whose assumption is that Mr. Bond was a decoy. The first Bond movie—“Dr. No” starring Sean Connery—

had just come out in 1962, and Mr. Hagenbeck suspects London knew a man with his name would distract Polish counterintelligence from more sensitive operations under way. “They were sending him to make him some kind of bait. To make counterintelligence chase him instead of other persons,” said Mr. Hagenbeck. “It was a game which was played, you know?”

The answer from Mr. Bond’s widow: She believes he was a spy. Janette Bond, 88, doesn’t know exactly what her husband’s clandestine mission was in Poland. Mrs. Bond says she was told to join her husband when he was posted in Warsaw, to give him a more credible cover story. Once installed in the Polish capital, he sometimes communicated with her via handwritten notes at home because he feared the couple upstairs was listening.

Life was far from humdrum. Mrs. Bond recalls being en-

listed to help her husband shake off Soviet minders, turning up with Mr. Bond to parties and then letting him slip away on a mission while she returned home with another British official. “If it didn’t work, it was aborted,” recalls Mrs. Bond. Such was the intensity of the surveillance, the couple’s young son—also named James Bond—could recognize the cars that were regularly ordered to tail them, recalls Mrs. Bond. Officially, her husband was employed by the British army. But based on his activities, she is pretty sure Mr. Bond was a secret agent.

Nobody called him James Bond. He went by Jim. Being a spy with the same name of the most famous spy was just an unfortunate coincidence, she said.

The quest to find the real James Bond has gone on for decades. Ever since Ian Fleming started penning novels about the fictitious spy in the

1950s people have been trying to deduce who inspired the creation.

Jim Bond’s family say their man shared very few characteristics with Mr. Fleming’s invention. Unlike 007 who was a product of Britain’s elite boarding school system, Jim Bond was the son of a gamekeeper in Devon, a rural corner of southern England.

“He wasn’t suave,” recalls his brother-in-law Keith Tacchi, who rarely heard Mr. Bond discuss his assignment. “Jim was an orders man, he joined the army and he played it by the book,” he said. “He used to smoke a pipe, had a fisherman’s cap. He was a totally laid-back person. He had one passion in life, which was golf, which he wasn’t very good at,” said Mr. Tacchi.

Polish spies taking notes on his every movement saw a different man. Mr. Bond was very careful, liked to drink, and showed an interest in women,

they wrote in his secret file. His family says he wasn’t a womanizer.

Mr. Bond’s time in Poland was short. He returned home a year after he arrived to become a commissioned officer in the British army. He spent time serving in Cyprus and Germany before being discharged due to ill health. He died in 2005.

The British spy agencies had been infiltrated by Soviet informants in the early 1960s, when James Bond movies started hitting theaters. The films were a hit with many Communist spies, who enjoyed the sleek cars and glamorous women, said Mr. Hagenbeck.

“We were watching these movies with some kind of sentiment,” said Mr. Hagenbeck, who has been following the news around Mr. Bond closely. “You will get out of the service, but the service will never get out of you.”

—Natalia Ojewska contributed to this article.



Xi Jinping, pictured above earlier this month, has appealed to patriotic pride in all aspects of life. Below, Chinese Red Guards in 1966, during the Cultural Revolution.

Xi’s China Drowns Out Dissent

Continued from Page One

Weibo: “China cannot return to the Cultural Revolution.”

Chinese politics researchers say surging nationalism is in part a natural response to the country’s rising stature around the world.

The government has also taken a heavy hand in stoking the sentiment. Officials frequently censor critical discussion online and—through internet rules and state-run social-media accounts—have built an online ecosystem favoring content promoting the country and the Communist Party.

Mr. Xi, China’s strongest leader in decades, is one of its most nationalistic. Vowing to achieve a “China Dream” of national rejuvenation, he has appealed to patriotic pride in all aspects of life, to bolster support for the party as it confronts slowing economic growth and widening conflict with the U.S.

This is the China Mr. Xi is building: a new type of great power that combines autocratic government and high-tech social control with hyper-nationalism to drown out dissent.

Feverish politics

In the past, China’s internet censors allowed for limited debate around social issues. During Mr. Xi’s eight years in power, fears among liberal-minded Chinese have grown over a return to the feverish politics of the Cultural Revolution, Mao Zedong’s war on “counterrevolutionary elements” that brought the country’s society and economy to the brink of collapse in the 1960s and 1970s.

Back then, more than a million died. While today’s dynamics are less desperate, Geremie R. Barmé, a longtime China historian now based in New Zealand, said they combine “the vitriol, hysteria and violent intent of its Mao-era ancestor with the forensic detail afforded by digital surveillance.”

Intolerance for opposing views in China often exceeds that in the West, he added. “If America or Europeans think they have ‘cancel culture,’ they don’t have a clue.”

Fang Fang, whose real name is Wang Fang, started her diary in January, shortly after Chinese authorities put Wuhan on lockdown. She is a mainstream literary figure who previously

served as president of the government-funded Writers Association for Hubei province.

With Chinese media coverage of the virus tightly controlled, her writings offered another window into the unfolding outbreak. She mostly focused on the everyday experience of being under lockdown, but at times criticized officials, including for obscuring the truth. Her diary entries attracted millions of views.

Attacks against her multiplied after news circulated in April that an English translation of the diary would be published in the U.S. Internet users questioned Fang Fang’s motivations and accused her of “handing a dagger” to foreigners to attack China.

The bus-stop poster that went viral online accused her of “eating steamed buns dipped in human blood”—an allusion used in the past to attack those seen as disloyal to the masses. The author said he was a Chinese farmer.

People lobbed rocks over the wall of her house. Eventually the volume of abuse led her to shut off comments on her Weibo posts. She said that publishers in the Chinese mainland and in Hong Kong have declined to publish her work, including a Chinese version of her diary entries.

The online vitriol drew support from people with ties to the government, including Hu Xijin, editor in chief of the Global Times, a nationalistic Communist Party tabloid, who posted that Fang Fang’s fellow Chinese would suffer consequences for her fame in the West. He wrote the Chinese public had a “full moral right” to express dissatisfaction.

In May, Zhang Boli, a member of the Chinese Academy of Engineering, delivered a livestreamed video lecture questioning the patriotism of Fang Fang and two others critical of the pandemic response. State media and government agencies shared segments of that video, fueling more criticism.

Fang Fang said in an email exchange that she believes Dr. Zhang and Mr. Hu can influence opinions because they’re seen as representing the official line.

“Going up against the gangsters alone, especially those backed by the government, is futile,” she said.

Mr. Hu denied inciting attacks, and said Fang Fang’s unwillingness to accept criticism tipped public opinion against her. A spokesman for Dr. Zhang declined to make him available.

In Fang Fang’s orbit, Liang Yanping, a professor of Japanese art and culture at Hubei University in Wuhan, fell under attack after praising the writer online for her empathy. Critics



dug through Ms. Liang’s internet history, with the goal of portraying her as loyal to Japan and a supporter of Hong Kong independence.

In June, Hubei University announced it was suspending her, saying she had made “erroneous remarks” that disturbed the public order.

Ms. Liang denied she was a Japan loyalist and had supported Hong Kong independence, and declined to comment further. A university spokesman said the school was following regulations from China’s education authority.

Qin Qianhong, an adviser to Wuhan’s government, said that unfettered nationalism is preventing people from reflecting on how China could have handled the coronavirus better.

“Right now the feeling being given is that we’re 100% perfect,” said Mr. Qin, who was critical of Wuhan officials for playing down the outbreak in the early days. Without reflection, he said, China could repeat its mistakes next time.

Academics focused on Chinese cyberspace estimate there are millions of Chinese internet users posting pro-Beijing content who are hired by the government or are state officials. Government departments and agencies run almost 240,000



Author Fang Fang came under attack for criticizing officials.

social-media accounts, according to 2019 data by the China Internet Network Information Center, part of the Ministry of Industry and Information Technology.

The People’s Liberation Army, the State Council and the Party’s Central Committee all take part in organized information operations on domestic or international platforms, said Alicia Fawcett, a researcher at

The government has taken a heavy hand in stoking nationalism.

the Digital Forensic Research Lab at the Atlantic Council, a Washington think tank.

While much of that content may be relatively harmless propaganda, it helps whip up nationalistic sentiment that can boil over into harassment campaigns. In some cases, researchers say, government accounts or bots participate in the attacks.

When Houston Rockets general manager Daryl Morey tweeted his support for Hong Kong’s pro-democracy protest-

ers last year, he was hit with a coordinated harassment campaign. The Wall Street Journal reported a state-affiliated troll operation was likely involved because it involved thousands of users who attacked him using new Twitter accounts.

Fang Fang’s Weibo account was suspended in February, and then brought back. That, plus the scale of online attacks, suggests a government-sanctioned campaign to drown out the writer, without silencing her completely and risking a backlash, said Xiao Qiang, a research scientist who studies the Chinese internet at the University of California, Berkeley.

Weibo and the Cyberspace Administration of China, the country’s central internet regulator, didn’t respond to requests for comment.

On Douyin, an app for short videos, state- and party-linked accounts posted some of the most popular videos criticizing Fang Fang, altogether attracting more than 42 million views. They include a branch of the Communist Youth League of China, state broadcaster China Central Television and local government agencies. Neither CCTV nor the Communist Youth League responded to requests for comment.

Chinese social-media companies, which are expected to conform to government directives around content, intensify the nationalism.

At the end of 2019, China’s internet regulator passed new rules that encouraged posts promoting “Xi Jinping Thought” and required platforms to adjust their algorithms to favor party propaganda. Some companies push the material to users’ home pages or add it to most-popular lists. Content that defames government institutions’ reputations must be removed.

Staff at ByteDance Ltd., which runs Douyin, say government officials often request them to play up certain content

from politicians or stir up the “right atmosphere” among Chinese citizens ahead of national events. Before China’s Oct. 1 National Day, Douyin introduced a sticker pack allowing users to create videos where they lip-sync a patriotic song and superimpose “[Heart] China” on their cheeks. ByteDance didn’t respond to a request for comment.

The Chinese government and social-media platforms have promoted the idea of “positive energy” in content—a term that includes material that reflects well on the party’s leadership.

Shang Zijian, a 37-year-old theater director in Beijing who goes by “uncontrollable positive energy dude” on his Douyin profile, was among the critics of Fang Fang. “Can you even call yourself human?” he wrote.

Mr. Shang, who has 3.6 million followers on the platform, sees himself as a patriot and not a nationalist. “When other countries were trying to blame China for the coronavirus, she sold this negative impression overseas,” he said.

Under attack

An online jewelry shop run by Lao Lishi, who won gold and silver medals for diving at the 2004 Olympics, came under attack by nationalists after she took to Weibo to post a state-media article in May about a Wuhan nurse who had died from Covid-19. She had found it on Fang Fang’s feed.

Some accused her of selling counterfeit goods. “How did an Olympics champion rot into a party hater?” read one comment. Over the summer, Ms. Lao announced that Weibo had suspended her main account for a year because her posts violated unspecified regulations.

Ms. Lao declined an interview request. “To say anything right now wouldn’t be right, please understand,” she wrote.

Xiong Qingzhen, a 39-year-old drone engineer from Wuhan, became a target himself after he contracted Covid-19 and stayed in a hospital dedicated to traditional Chinese medicine in February.

As he was leaving the hospital, a crew from state broadcaster CCTV asked about his treatment. Authorities have celebrated the purported benefits of traditional medicine.

“I’m a traditional medicine skeptic,” he said in his interview, streamed live online. “I can’t accept the principle of it, so I didn’t drink it.”

Over the next few days, nationalists hounded Mr. Xiong on Weibo, calling him ignorant and thankless. Weeks later, the local television station he worked for called him to say it had received reports he had accepted bribes, which he denied. Mr. Xiong said online attackers had latched onto a video he had posted of himself in front of a large suburban house his family owned. They questioned how he could afford such a place.

Mr. Xiong is a Communist Party member. In an echo of Cultural Revolution practice, when party members were made to confess political sins, the station demanded Mr. Xiong type up two self-criticisms of his behavior. He relented. Mr. Xiong declined to share details of his letters.

He didn’t change his opinion of Chinese traditional medicine, however.

“People have lost the ability to think independently,” he said in an interview. “If a nobody like me cannot speak up, people like Fang Fang will be fighting alone.”

—Qianwei Zhang contributed to this article.

GREATER NEW YORK

N.Y. Donors Pour Funds Into Campaigns

Police unions have expended more than \$1 million supporting Republican candidates

By JIMMY VIELKIND

A cosmetics heir, charter-school advocates and law-enforcement unions are spending more money to influence state Senate races in New York than they did two years ago when Democrats won control of the chamber.

Independent expenditure committees spent just over \$14 million between July 1 and Wednesday to support and oppose candidates for the state legislature, more than the nearly \$9 million expended during the same period in 2018, according to a Wall Street Journal analysis of campaign finance filings. Indepen-

dent expenditure committees can raise and spend unlimited funds but cannot coordinate with candidate or party committees, whose fundraising is subject to donation limits.

The increase is attributable to Ronald Lauder, an heir to the Estée Lauder fortune and president of the World Jewish Congress. Mr. Lauder has directed \$4.85 million to Safe Together New York Inc., a group that has so far spent \$4.45 million to help Republicans in competitive state Senate districts, mostly on Long Island.

Mr. Lauder was prompted to action by several criminal-justice measures passed by Democrats during the past two years over the objections of prosecutors and police unions, according to Christian Browne, an attorney working with Safe Together New York.

The new laws prohibit police officers from using choke-

holds, open officers’ disciplinary records to public inspection and eliminate cash bail for most misdemeanor and nonviolent felony offenses. Proponents say the laws protect against police abuse and have made the criminal-justice system fairer. Advertisements funded by Mr. Lauder say they have increased crime.

Advocacy groups that favor the laws demonstrated Wednesday outside Mr. Lauder’s apartment on Park Avenue in Manhattan, chanting “Money out of politics, people out of cages.”

Police unions have so far spent more than \$1 million—five times as much as they spent in 2018—supporting Republican candidates who say they will change the new laws.

While the primacy of various issues has shifted which groups are spending, there also are major differences between who is on the ballot this

year compared with 2018. Statewide officeholders, including Gov. Andrew Cuomo, were up for re-election two years ago, and spending on party primaries for state offices is included in the 2018 total because those elections

Law-enforcement, cosmetics heir seek changes in criminal-justice system.

were held in September—not June, as they are now.

And the political landscape in New York is quite different. Democrats in 2018 won a solid majority, 40 seats, in the 63-seat state Senate. Progressive-backed challengers also defeated six of the eight

members of the former Independent Democratic Conference, which had been allied with Republicans. As such, groups that had traditionally supported Republicans are now forging alliances with individual Democratic legislators, particularly those who are running in close elections.

Jobs for New York, a group funded by the Real Estate Board of New York, spent more than \$400,000 in 2018 helping a Republican senator who lost her re-election bid. REBNY hasn’t used its independent expenditure committee this year but has given some direct contributions to legislators in both parties.

REBNY had more at stake at the time: State lawmakers, over REBNY’s objections, strengthened rent-control laws affecting more than 1 million housing units in 2019. The laws, which had been subject to renewal every few years,

were made permanent.

“Strategically I didn’t see the need for huge expenditures at this time,” said REBNY President James Whelan.

Lyft Inc. and other “gig economy” companies have been bracing for a legislative fight about worker classification. Labor unions are pushing for a law that would classify app-based workers as full-time employees subject to wage and hour laws. New Yorkers for Independent Work, funded by Lyft, has spent \$1 million this year in primary and general elections to support Democratic candidates it describes as “pro-growth.”

Charter-school advocates have boosted their spending from 2018 to \$3.4 million, mostly by supporting Democratic candidates on Long Island. A committee funded by the New York State United Teachers union is spending about half of what it did in 2018.



People march during a prayer vigil in New York City to honor the lives of those who have been affected by the novel coronavirus.

N.J. Governor Was With a Staffer Who Later Tested Positive for Virus

By JOSEPH DE AVILA

New Jersey Gov. Phil Murphy said he was having outdoor drinks at a bar when he came into brief contact with his deputy chief of staff who later tested positive for Covid-19.

The incident occurred Saturday, and the governor was joined by his wife, Tammy Murphy, his communications director, Mahen Gunaratna and his wife, and the governor’s deputy chief of staff, Michael DeLamater, according to a spokesman for the governor. Mr. DeLamater tested positive for Covid-19 on Wednesday.

None of the other people have tested positive, Mr. Murphy said Thursday.

The governor said his interactions with Mr. DeLamater didn’t meet the Centers for Disease Control and Prevention’s definition of a close contact, but he and his wife have opted to self-quarantine through at least the weekend out of abundance of caution. The CDC now defines a close contact as someone who was within 6 feet of an infected person for a total of 15 minutes or more over a 24-hour period.

“This is proof, if nothing else, that no one is immune from this virus and we must take this pandemic with the utmost seriousness,” Mr. Murphy said. “We have to remain

NYC’s Coronavirus Death Rate Drops

New York City residents are dying at a lower rate from the coronavirus than at the height of the pandemic in the state, new research shows, but doctors haven’t been able to fully explain the reason for the drop.

The findings, released Wednesday by **NYU Grossman School of Medicine** and published in the Journal of Hospital Medicine, show that regional death rates of hospitalized patients have dropped from highs in the spring when New York City hospitals were at capacity and hundreds of New Yorkers were dying daily.

Hospital data drawn from

the NYU Langone Health system from March through August show that out of 5,121 patients hospitalized with Covid-19, mortality rates dropped to 7.6% in August from 25.6% in March. The data show that even after accounting for patient demographic and clinical factors, mortality from Covid-19 is decreasing, researchers said. But they can’t pinpoint why, said Leora Horwitz, the study’s lead author and an associate professor in the Department of Population Health at NYU Langone.

Researchers said patients were arriving at hospitals with less-severe symptoms. Beyond that, said Dr. Horwitz, lower death rates are likely a combination of better medical treatment and better understanding of the disease by doctors.

—Melanie Grayce West

Covid-19 cases and hospitalization are surging in New Jersey. State health officials have said indoor gatherings are fueling the rise in cases.

New Jersey reported 1,182 new cases Thursday, and the share of Covid-19 tests that were positive in the state was 5.28%. The state’s seven-day rolling average of new cases now stands at 1,058 a day.

The state also reported that 852 people are hospitalized with either confirmed or suspected virus cases, double the average from a month ago.

Mr. Murphy urged residents to avoid visiting neighboring states unless necessary.

Meanwhile, the share of positive coronavirus tests in New York ticked down from 1.6% on Tuesday to 1.2% on Wednesday, Gov. Andrew Cuomo said during a Thursday conference call. The state is still monitoring several areas in Brooklyn, Queens, the Hudson Valley and Southern Tier near Pennsylvania where the positivity rate was 3.2%. The governor said 986 people were hospitalized with Covid-19.

Meanwhile, New York’s nine-day early-voting period will start Saturday. Beth Garvey, a counsel to the governor, said polling places will remain open even in areas where the state has closed nonessential businesses and restricted gatherings.

Wall Street Profits Soar During First Half of 2020

By KATE KING

Wall Street profits jumped 82% in the first half of this year, a rare bright spot for the city and state’s pandemic-ravaged budgets.

Pretax profits in New York’s securities industry reached \$27.6 billion in the first six months of 2020, the highest first-half haul since 2009, according to a report released Thursday by the state comptroller’s office. The industry’s profits for all of 2019 totaled \$28.1 billion.

State Comptroller Thomas DiNapoli said the rising profits are linked to the release of \$2.4 trillion in federal stimulus funding to stem the economic fallout from the pandemic and falling interest rates, which reduced the cost of borrowing. Higher trading volume also contributed, and Wall Street firms’ underwriting income rose more than 34%, to \$17.3 billion, compared with the same period last year.

Mr. DiNapoli said the industry’s performance so far this year is good news for the city and state, which rely on Wall Street for tax revenue. But he said the industry’s long-term success is tied to the broader economic recovery, and that more federal aid and relief from the pandemic are needed.

“The sustainability of the strength on Wall Street is still very much tied to Main Street coming back,” Mr. DiNapoli said in a call with reporters.

The securities industry is a significant contributor to the city and state’s coffers, although less so in recent years as firms relocated to less expensive areas and New York City diversified its economy.

Wall Street accounted for about 18% of state tax revenue and 6% of New York City’s tax collections last year, Mr. DiNapoli’s office said.

New York budgets need all the help they can get as the pandemic continues to wallop public finances and further federal aid remains stalled in Congress. The state is projecting a \$30 billion revenue hit by the end of next fiscal year; New York City is facing a \$9 billion deficit.

Maria Doulis, vice president of the nonpartisan fiscal watchdog Citizens Budget Commission, said that while Wall Street workers earn outsize salaries compared with the average New Yorker, the industry’s success provides money for social services, small-business support and core services residents rely on. “The connection through Wall Street and Main Street is really through the budget,” she said.

Despite increasing profits, Wall Street is expected to lose 7,300 jobs this year, equivalent to 45% of the positions added since 2013, Mr. DiNapoli said the losses, which pale in comparison to those experienced in other industries are likely a reflection of firms cutting expenses due to economic uncertainty.

Last year, Wall Street employment reached its highest level since the 2008 financial crisis, with 182,100 jobs. The industry never recovered all the jobs it had at its peak in 2000, before the dot-com bubble popped, when more than 201,000 securities workers were employed in New York City.

A spokesman for Mayor Bill de Blasio said Wall Street’s profits show more help is needed for Main Street.



Wall Street is expected to lose 7,300 jobs this year—equivalent to 45% of the positions added since 2013, officials said.



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GREATER NEW YORK

Maxwell Denies Abusing Minors

By DEANNA PAUL
AND REBECCA DAVIS O'BRIEN

Ghislaine Maxwell fought for months to keep sealed the deposition she gave in a now-settled defamation lawsuit filed against her by a woman who accused Jeffrey Epstein of sexual abuse. This week, a Manhattan federal court rejected her pleas and made public hundreds of pages of documents Thursday morning.

The transcript of the April 2016 deposition details more than nine hours of combative questioning and elusive answers. In one particularly heated exchange, Ms. Maxwell, a longtime confidant of Epstein, refused to say that he had abused minors after attorneys showed her police reports that included allegations of misconduct from 30 underage girls. “You are asking me to speculate, and I won’t speculate,” she said.

Throughout the 465-page deposition, Ms. Maxwell said she never recruited girls for or “saw any inappropriate underage activities with Jeffrey ever.” She similarly denied engaging in unwanted sex. “I never had nonconsensual sex with anybody ever, at any time, at anyplace,” she said.

Ms. Maxwell, 58 years old, has been held without bail since her July arrest on federal charges alleging she and Epstein groomed and abused girls as young as 14 years old between 1994 and 1997. She also faces two counts of perjury, stemming in part from lies prosecutors say she told during the 2016 deposition.

Her attorneys didn’t respond Thursday to a request for comment. Ms. Maxwell, who has pleaded not guilty, repeatedly argued that the release of her 2016 deposition would undercut her constitutional right to due process and impede her ability to have a fair trial next year.

Ax-Throwing Cuts Through Malaise

By CHARLES PASSY

Given the challenges of the current year, it is fair to say that New Yorkers may have an ax or two to grind. But a growing number of entrepreneurs are betting that locals would rather throw those sharp-edged implements against a wooden board in pursuit of sporting glory.

The brawny pastime of ax-throwing—increasingly considered a legitimate sport—is gaining ground in New York City. Two places dedicated to it have opened in recent weeks: Live Axe, near Manhattan’s Chinatown, and Hatchets and Hops in Brooklyn’s Williamsburg neighborhood. Bury the Hatchet, a chain of ax-throwing venues with a location in Brooklyn and several in New Jersey, has plans to expand to Staten Island.

The entrepreneurs behind these enterprises set their plans in motion long before the pandemic took hold. But they say the events of the past few months may provide a boost for their businesses as New Yorkers seek new outlets for their frustrations.

“You can forget your troubles,” said Zac Aviel Segal, an Israeli-born entrepreneur who is one of Live Axe’s owners, along with fellow ax enthusiast Amit Fridman.

Establishments, which typically charge \$40 to \$50 per person for a throwing session, aim to boost the sophistication factor. Live Axe is a sleekly designed space with a bit of a Nordic-warrior theme: Note the mural with depictions of Abraham Lincoln and LeBron James as Vikings. It also serves \$17 cocktails with names like Mez-Skull and Killing Me Softly.

At Hatchets and Hops, which started with locations in Buffalo, N.Y., the focus is squarely on ax throwing and beer. The venue offers a cultivated and largely local list of craft brews.

Venues that have opened recently said they are mindful of Covid-related safety measures, too. New York has allowed for the resumption of



Nicole Taylor, right, prepares to throw as instructor Mizan Taylor checks her stance at Live Axe in Manhattan. Below, owners Amit Fridman, left, and Zac Aviel Segal opened Live Axe earlier this month. The sport helps you ‘forget your troubles,’ Mr. Fridman says.



some indoor activities, with certain rules. State officials said ax throwing is allowed if Covid-related guidelines are followed, but food and drink shouldn’t be served at spots that feature the activity to limit contagion.

Mr. Fridman said his establishment was given the “full green light” for opening by legal experts it consulted. An official with Hatchets and Hops declined to comment.

As for mixing alcohol and an activity that involves a

sharp-edged tool, venue owners point to precautions they take, from providing instructor-observers at throwing areas to making sure patrons avoid drinking too much—at least while they are competing.

Venue owners and others involved in the ax-throwing community also note that the activity can be very competitive, so the booze can become almost secondary. While novices may struggle just to get the ax to stick to the wall, veterans can throw with pinpoint accuracy, racking up points as they hit targets in a manner similar to darts.

In fact, there is a World Axe Throwing League with thousands of participants at venues world-wide. Mario Zelaya, the league’s founder and commissioner, said the sport’s appeal is rooted in its primal nature. Throwing an ax, he said, is “so much cooler than throwing a bowling ball.”

Tommy Antoniello, a tour-

nament-tested ax-throwing ace, agrees. The 37-year-old resident of Brooklyn’s Bay Ridge neighborhood became hooked on the sport after discovering it a couple of years ago as a date-night activity. He now takes it so seriously that he designs his own axes and sells them, starting at about \$100, to other serious throwers.

“I can shave with mine,” he said of his blade’s sharpness.

Venue owners don’t bank on tournament-worthy throwers to grow their business, however. They aim to appeal to a wider set: At Live Axe, owners talk of hosting everything from bar mitzvahs to corporate events. At Bury the Hatchet locations, Sunday is promoted as a family fun day.

Heidi Neufeld, Bury the Hatchet’s chief operating officer, said she hosted her mother-in-law’s 95th birthday at one of the New Jersey locations. “She had a blast,” she said.

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FILM REVIEW | JOE MORGENSTERN

‘Witches’: Beguiling Mortals, Cursed Effects

Director Robert Zemeckis moves the story to late ’60s Alabama and dumps a cauldron’s worth of CGI on Roald Dahl’s tale

According to the narrator in “The Witches,” streaming on HBOMax, witches are “as real as a rock in your shoe.” The narrator, as it happens, is Chris Rock, who works up a witty lather recalling his character’s adventures as a boy (named Boy in the credits and played by Jahzir Bruno) living with his grandmother (named Grandmother and played by Octavia Spencer) in the late 1960s. This remake of Nicolas Roeg’s 1990 film has moved the dark Roald Dahl novel from Norway and the United Kingdom to Alabama—a perfectly fine idea, with one exception noted below. The special effects, previously provided by a combination of puppetry and Jim Henson’s puppetry, are now extravagantly digital. That turns out to be a not-so-fine idea,

despite the best efforts of Anne Hathaway as the Grand High Witch, previously played by Anjelica Huston. What was weirdly but deliciously scary has grown ponderously out of scale, even for witches at their malign worst. The director was Robert Zemeckis, working from a screenplay he wrote with Kenya Barris and Guillermo del Toro. (Made for the big screen, the film was diverted to streaming because of the pandemic.) Mr. Zemeckis’s earlier films include the delightfully anarchic “Used Cars” and a couple of classics, “Forrest Gump” and “Back to the Future.” He perpetrated all sorts of ponderous effects in such subsequent features as “The Polar Express,” “The Walk” and “Welcome to Marwen,” though you’d never know it from the first half-hour of “The Witches.” Better than ground-

ing itself in rock-solid reality, this section heightens its realism with humanity along with the fantasy. Grandma, who’s something of a healer and avocational witch-buster—Ms. Spencer’s performance is quite wonderful—warns her grandson that witches hate children; they turn them into lower, smaller animals. She does what she can to protect her sweet boy from supernatural threats in the neighborhood. When those efforts fail, she takes him to what she describes as “the swankiest resort in all of Alabama,” where her cousin was once the executive chef. How, he asks, does she know they’ll be safe there? “Because, child, ain’t nothin’ but rich white folks” as guests. It’s a good joke, but bizarre history. Even fantasy is strained by the notion of a Black woman and her grandson being

welcomed at the swankiest resort in all of Alabama a year or so after the assassination of Martin Luther King Jr. Be that as it may, the hotel seems a promising refuge until a large coven checks in for a convention. That’s when Mr. Zemeckis’s style starts to turn coarse—he can never leave spectacular enough alone. Ms. Hathaway, whose dark blue gown is accessorized by a gold snake, opens a hectoring speech to the group at a high level of hilarity; they aren’t killing enough children, insists their leader, who sounds, by turns, like Peter Lorre, Edna Mode from “The Incredibles” and Ivana Trump. But then digital transmogrification kicks in, her mouth opens out to a ghastly rictus suggesting the Joker as a great white shark, she levitates, flies around the room and,

like a magic trick gone awry, gets decreasingly delightful as the effects grow ever more lurid. A couple of notes for the record. The original version prefigured “Ratatouille” by 17 years with what amounted to mousatouille scenes playing out in a hotel kitchen. The current version, post-“Ratatouille” by 13 years, goes all out in paying tribute to the animated classic by staging mouse-in-kitchen sequences that even include an excitable French chef. One of the two Roald Dahl adaptations turns its kids into mice and back again for a conventionally happy ending that betrays the book’s darkness, while the other portrays permanent mousehood as a pretty good consumption after all. Which of these witcheries is which? Streaming either or both will tell the tale.



TELEVISION REVIEW | JOHN ANDERSON

An Upscale Manhattan Melodrama

NICOLE KIDMAN HAS WON an Oscar, made multiplex movies, done a little slumming in European art films, and been a Hollywood star for more decades than one can politely calculate. But her adventures during the current trend of ambitious, female-centric melodramas and brazenly unlaced morality plays—soaps, in a word—have come to constitute an oeuvre all their own. Why not? She can very plausibly portray women of wealth, beauty, privilege and intelligence. And who still seem utterly baffled when someone does

them wrong. Which is certainly what happens in HBO’s “The Undoing,” a six-partner based on the 2014 novel “You Should Have Known” by Jean Hanff Korelitz, directed by the award-winning Danish filmmaker Susanne Bier (“The Night Manager,” “Open Hearts”), and created by the producer David E. Kelley. Mr. Kelley has many credits—most notable, in this particular case, “Big Little Lies.” Ms. Bier has, in subtle ways, brought a cinematic quality to the Kelley TV formula, although one person’s Emmy-aspiring

drama is still another person’s wealth porn. “The Undoing” is plush to the point of voyeuristic ecstasy. The Frasers, Grace and Jonathan—she’s a therapist, he’s an oncologist—awaken, shower and prepare for their day in what appears at first to be a multistory suburban McMansion until father (Hugh Grant) and son Henry (Noah Jupe) leave for work and school and suddenly are crossing a snow-frosted Central Park to the strains of Vivaldi. Meanwhile, mom (Ms. Kidman) goes to work on the other

Hugh Grant, Noma Dumezweni and Nicole Kidman in HBO’s new series ‘The Undoing’

side of town, just as “The Four Seasons” hits a crescendo. The entire production is quite upscale. And, with few exceptions, takes place in a few uptown ZIP Codes and even fewer tax brackets. The outlier—and there’s always one—is Elena Alves (Matilda De Angelis), the “scholarship mom” of a fourth-grader at the elite Reardon School, a longtime beneficiary of Grace’s frighteningly rich and generally fearsome father, Franklin Reinhardt (Donald Sutherland), and a bastion of liberal learning just off Park Avenue. (Figuring out where in Manhattan “The Undoing” is situated from scene to scene could be a drinking game.) There is to be a fundraising auction for the school—up for bid will be face-lifts, therapy sessions and college-admissions counseling—and Elena has joined a committee lunch meeting with the wealthy moms held at one’s Fifth Avenue townhouse. To which she brings her infant. And breast-feeds her in the middle of the salad course. This is profoundly awkward—not, as Grace is quick to say, “just a mother feeding her baby.” Elena seems so uptight and uncomfortable being the less wealthy mother at the table that what she does actually feels less clumsy than confrontational, as does her next meeting with Grace. It takes place in the gym (they go to the same gym?), where Elena makes conversation while standing stark and quite casually naked in front of a seated Grace. The hints of the homoerotic are certainly steering things where they didn’t seem to be going, but that’s

ultimately a dead end: Before the first chapter is concluded, the whole Reardon world finds itself in a noirish alleyway of violence, blood and murder. It rains bombshells during the first two episodes of “The Undoing,” and the spoiler map is a minefield. What’s safe to say is that the series (new episodes play Sunday nights through Nov. 22 or can be streamed on HBO Max) is delightfully shameless in flaunting its characters’ wealth and their cluelessness about it. The parents seem to be mostly seven-figure executives, or professionals like Grace and Jonathan. Mothers coach from the sidelines at ballet class. “I don’t mean to be schnorring free medical advice,” one mom says to Grace, “but my little Kimberly is anxious to begin with and this is our first school murder.” The antidote to all the self-absorption is Jonathan, who as played by Mr. Grant—I confess, I love Hugh Grant—is the seemingly perfect spouse, a man in love with his wife (they phone each other like teenagers) and a delightfully unedited critic of their social circle. “You could never tell they were rich,” he says of their friends’ apartment, where dueling Hockneys confront each other across the living room. “It’s all so classy and understated.” Grace at one point suggests they relocate to Schenectady. “It sounds horrible,” he responds, “even phonetically.” One hopes Jonathan doesn’t go bad, but it’s the kind of show where charming, witty, slightly paunchy and affectionate guys like Jonathan are already too good to be true.

The Undoing
Begins Sunday, 9 p.m., HBO



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ARTS IN REVIEW



THEATER REVIEW | TERRY TEACHOUT

Political Comedy of English Manners

The thing I miss most about live theater is seeing shows in small houses, sitting in the midst of happy audiences who know they're watching something special. For me, one of the off-Broadway troupes that best satisfies this craving is the Mint Theater Company, which specializes in unjustly forgotten 20th-century plays. The works they choose, no matter how obscure, are always worthy of revival, and their finely wrought small-scale productions make the strongest possible case for the plays.

Imagine my delight, then, when the Mint announced earlier this year that it's been stockpiling broadcast-ready three-camera archival videos of its productions since 2013, and that it planned to brighten up pandemic life by webcasting several of them while New York's theaters remain closed. The latest one, Miles Malleson's "Conflict," was taped during a live performance at the 99-seat Beckett Theatre in 2018. I saw it then and reviewed it with great enthusiasm in this space. Now that I've watched the show with earphones on my laptop—an experience directly comparable in intimacy to seeing it at the Beckett—I can confirm that my first impression was on the mark: "Conflict" is an outstanding play, and the Mint's production, directed by Jenn Thompson, was and is platinum-plated.

Malleson himself is unknown by name in this country, though most movie buffs know him by sight. Born in 1888, he was a comic character actor with an egg-shaped face who appeared in small but indelible parts in such classic films as "Kind Hearts and Coronets," Anthony Asquith's

1952 screen version of "The Importance of Being Earnest" (he played Canon Chasuble) and Alfred Hitchcock's "The 39 Steps." He was also a noted stage actor who wrote several plays of his own, all of them long forgotten. In fact, "Conflict," first staged in London in 1925, had never been revived anywhere until Jonathan Bank, the Mint's producing artistic director, exhumed it two years ago.

"Conflict" is a most unusual piece of work. It's a highly political play—Malleson was a passionate advocate of socialism and, later, a Communist fellow traveler—that sounds for much of its length like a drawing-room comedy. The principal charac-

ter is able wit and charm: "I suppose you think Ronnie would be Labour." "Well, you never know these days. All sorts of people are." Moreover, all of the characters, including the stiff-upper-lip father (Graeme Malcolm), are portrayed sympathetically, and at no time do you feel that the deck is being stacked.

Regular readers of this column will recall my deep admiration for Ms. Thompson, who's staged everything from Neil Simon's "Lost in Yonkers" to William Inge's "Natural Affection," as well as the best "Oklahoma!" I've ever seen. It's outrageous that she has yet to be tapped for a Broadway musical: Ms. Thompson is one of the few directors in America whose presence at the helm ensures that I'll come see a show, no matter what it is or where it's being mounted. Her production of "Conflict" is at once soft-spoken and emotionally direct, the cast is first-rate, John McDermott's two sets look as though they'd come straight out of a time machine, and the camerawork is lucid and discreet.

Yes, it was more satisfying to see "Conflict" in the theater—but not by much, and if you've never seen a Mint show, I can assure you that the company's special qualities come through on home video. I look forward eagerly to anything else the Mint decides to webcast: I'm sure that it will be every bit as good.

Conflict
Mint Theater, New York (viewable online through Nov. 1, free). To watch, go to minttheater.org

Mr. Teachout, the Journal's drama critic, is the author, most recently, of "Billy and Me." Write to him at tteachout@wsj.com.

TELEVISION REVIEW | JOHN ANDERSON

A Great Conductor Takes a Bow

Many nonclassical-music lovers first encountered Michael Tilson Thomas through the 1976 album "George Gershwin: Rhapsody in Blue," a bridging of musical time and space on which Mr. Thomas conducted and Gershwin played (courtesy of the piano rolls he made in 1925). Others may remember Mr. Thomas's inclusion of Steve Reich's "Four Organs" in a program at Boston's Symphony Hall that led to a protest reminiscent of the Stravinsky "Rite of Spring" riot of 1913. Others still have appreciated his championing of American composers like John Adams and Charles Ives. His devotion to the once underappreciated Gustav Mahler has clearly been infectious.

Appropriately enough, "Michael Tilson Thomas: Where Now Is" makes the point that everywhere Mr. Thomas has worked—with symphony orchestras in Boston, Buffalo, London and San

Francisco, where he retired in 2019 after 25 years—he's stirred things up. And taken no small joy in doing so. As an "American Masters" presentation, "Where Now Is" constitutes a love letter to the conductor, pianist and composer, but anyone who's seen him perform will recognize the man being interviewed: Even after a conducting career as lengthy as his, and heart surgery that curtailed what would be his last regular season with San Francisco (a subject not addressed in the show), he maintains a not-quite-impish but at least boyish enthusiasm that belies any hoary clichés about classical music and camphor-scented concert halls.

"Where Now Is" is directed by documentary veterans Susan Froemke and Kirk Simon, who certainly know the terrain and strike an equitable balance between music and



Conductor Michael Tilson Thomas in Buffalo in the 1970s

life. Mr. Thomas's biography is ornate: His grandparents were the Thomashefskys, legends of the Yiddish theater in New York. Growing up in California's San Fernando Valley, he had Frank Gehry as his babysitter. He was a prodigy, a wunderkind, and his conducting debut at Carnegie Hall was the stuff of a Depression-era musical: William Steinberg, conductor of the Boston Symphony, became ill halfway through a performance, handed the baton to Mr. Thomas and went to the hospital. His protégé completed the evening's program, and the rest of the season.

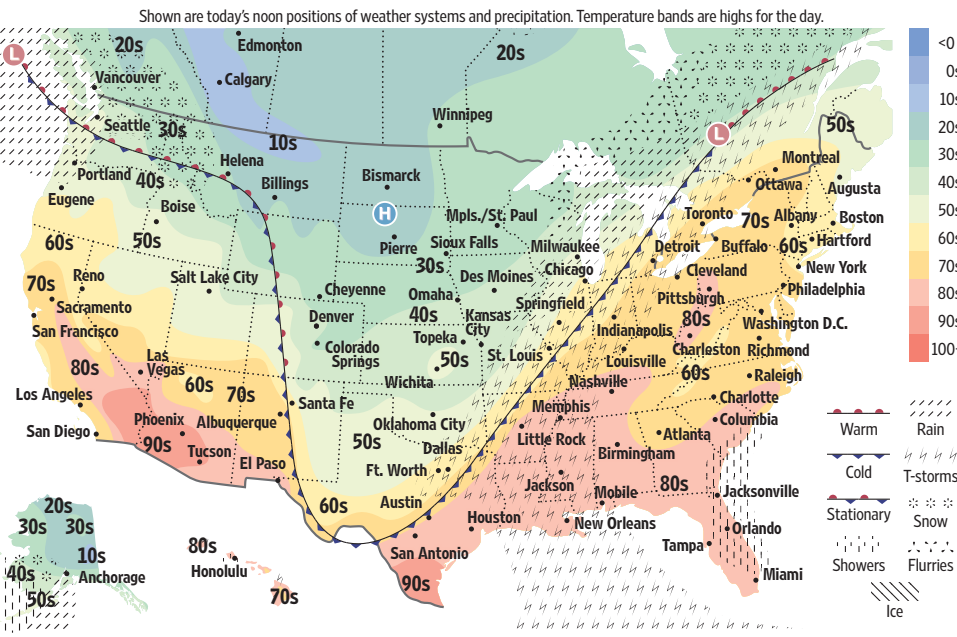
As we see, words like "exuberant" and "joy" pepper Mr. Thomas's instructions to the orchestras he conducts, notably the developmental New World Symphony, which he helped found in Miami 30-odd years ago. There's not a lot of performance in the film; more of Mr. Thomas's own compositions would have been welcome. His personal life is addressed, but since his

husband, Joshua Robison, is also his manager, it doesn't become a digression.

The tone achieved by Ms. Froemke and Mr. Simon is that of an entertaining 90 minutes with an entertaining subject who's allowed to render serious thoughts about his own music, and his approaches to it lead to some delightful revelations: Trying to find the elusive "now"—which, according to Mr. Thomas, is the place upon which a conductor and his players have to agree—Mr. Thomas says he uses the James Brown funk classic "Cold Sweat" as a way of driving his point home to his players. Michael Tilson Thomas and the Godfather of Soul make for an interesting team. George Gershwin was an unlikely collaborator, too.

Michael Tilson Thomas: Where Now Is
Friday, 9 p.m., PBS

Weather



U.S. Forecasts

s...sunny; p.c...partly cloudy; c...cloudy; sh...showers; t...storms; r...rain; sf...snow flurries; sn...snow; l...ice

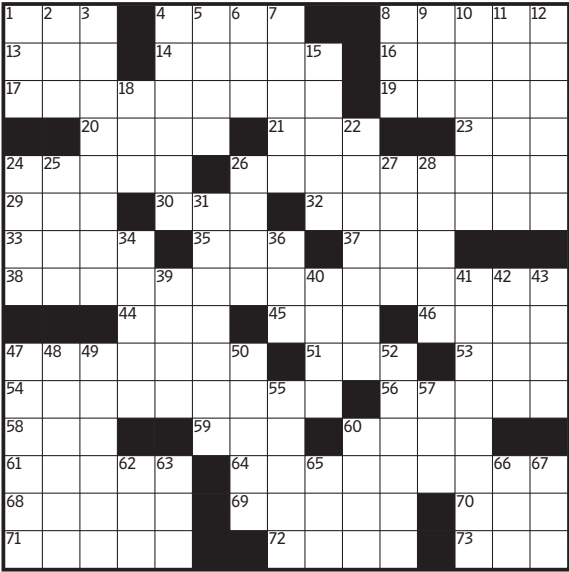
City	Today				Tomorrow			
	Hi	Lo	W		Hi	Lo	W	
Anchorage	39	33	c		41	35	sh	
Atlanta	79	65	c		78	64	sh	
Austin	83	53	t		70	59	pc	
Baltimore	74	58	pc		76	46	pc	
Boise	54	44	pc		54	24	s	
Boston	65	53	pc		68	41	pc	
Burlington	70	58	pc		60	36	c	
Charlotte	79	60	pc		81	65	pc	
Chicago	62	34	r		46	40	pc	
Cleveland	75	44	s		48	39	pc	
Dallas	67	44	t		62	55	c	
Denver	40	29	pc		62	20	c	
Detroit	73	39	t		50	34	pc	
Honolulu	85	74	s		87	72	pc	
Houston	86	61	t		78	64	pc	
Indianapolis	72	40	r		54	40	pc	
Kansas City	46	29	c		47	40	pc	
Las Vegas	83	60	c		84	59	s	
Little Rock	81	48	t		56	51	c	
Los Angeles	74	62	pc		72	59	c	
Miami	85	78	pc		86	76	t	
Minneapolis	50	33	r		44	38	pc	
Nashville	37	17	c		31	25	c	
New Orleans	81	54	t		62	54	c	
New York City	83	71	t		81	69	pc	
Oklahoma City	66	60	sh		69	45	c	
	50	33	c		57	46	c	

International

City	Today				Tomorrow			
	Hi	Lo	W		Hi	Lo	W	
Amsterdam	62	52	sh		60	55	c	
Athens	79	61	c		79	63	s	
Baghdad	97	63	pc		96	59	pc	
Bangkok	87	71	c		88	71	pc	
Beijing	64	36	pc		66	40	c	
Berlin	62	52	sh		59	49	pc	
Brussels	63	51	sh		61	54	pc	
Buenos Aires	70	63	c		71	65	pc	
Dubai	95	73	pc		97	74	pc	
Dublin	51	45	sh		53	44	r	
Edinburgh	52	43	sh		54	44	r	

City	Today				Tomorrow			
	Hi	Lo	W		Hi	Lo	W	
Frankfurt	60	50	r		60	48	pc	
Geneva	58	50	r		61	45	sh	
Havana	86	71	t		86	71	t	
Hong Kong	80	69	c		76	71	c	
Istanbul	73	60	t		72	60	s	
Jakarta	93	76	t		91	77	t	
Jerusalem	82	60	s		80	63	pc	
Johannesburg	88	60	pc		88	59	pc	
London	59	46	sh		61	50	sh	
Madrid	60	45	c		61	47	pc	
Manila	89	79	t		89	79	t	
Melbourne	72	57	c		58	44	sh	
Mexico City	76	50	pc		74	48	pc	
Milan	59	53	r		66	51	sh	
Moscow	54	47	r		52	43	c	
Mumbai	90	80	pc		90	80	sh	
Paris	65	51	sh		63	55	pc	
Rio de Janeiro	79	69	s		79	71	pc	
Riyadh	92	59	pc		90	60	s	
Rome	70	62	pc		69	52	sh	
San Juan	90	78	t		90	79	s	
Seoul	55	37	s		58	41	s	
Shanghai	67	51	pc		67	54	pc	
Singapore	88	78	t		88	78	t	
Sydney	79	70	pc		80	61	t	
Taipei City	72	67	sh		73	69	pc	
Tokyo	70	59	r		64	56	pc	
Toronto	71	41	s		47	35	pc	
Vancouver	46	36	r		47	29	s	
Warsaw	60	53	c		60	45	c	
Zurich	56	50	r		60	42	sh	

The WSJ Daily Crossword | Edited by Mike Shenk



JUST A STEP MORE | By Matt Gaffney

The answer to this week's contest crossword is a five-letter word that's part of a certain set.

Across

1 Draft source

4 Neighbor of Provo

8 Without changing myself for anyone

13 It's south of Leb.

14 Brightening stars

16 ___ dish (lab container)

17 Superlatively upbeat (5)

19 Leaves for pizza

20 "But wait—there's more!"

21 Middle Eastern lute

23 Linden of "Barney Miller"

24 Paper units

26 1992 French movie that won the Best Foreign Language Film Oscar (7)

29 Partially my Dells

30 Alternatives to variety

35 Miss. and Mass. and more

37 Sound from a 66-Down

38 "What a shame!" (8)

44 Rockwell or Raimi

45 Pds. before noon

46 Meal in a shell

47 Del Rio of old Hollywood

51 Campus near LAX

53 Cozy stop

54 Assisi's range (8)

56 Bowler's hangout

58 Jar top

59 Zero

60 "Yeah, right!"

61 Nigerian port

64 Having lost one's composure (7)

- 68 Accepted eagerly
- 69 ___ position
- 70 Be behind
- 71 Font flourish
- 72 Back of the neck
- 73 Fellows
- Down**
- 1 Involuntary spasm
- 2 Bat wood
- 3 Tax worker
- 4 Sudden surge
- 5 Louis Quatorze and Louis Seize, e.g.
- 6 Exciting night
- 7 Worker with a trowel
- 8 Alert for cops
- 9 Overwhelming amount
- 10 "The guy over there!"
- 11 French-designed rocket
- 12 Swedish sculptor
- 15 Practice piece
- 18 Its bark is deeply grooved
- 22 Ukrainian/Russian region in the news
- 24 Jumpers Down Under
- 25 Dough used by Italian bakers
- 26 "Yeah-hunh!"
- 27 Dictator
- 28 Radisson rival
- 31 Player's plea to the coach
- 34 Welles of "Citizen Kane"
- 36 "The penny dropped!"
- 39 Oft-told tale
- 40 Outback runners
- 41 Be a native of
- 42 Issue for a dermatologist
- 43 Soprano who didn't sing
- 47 Stars skate there
- 48 Sedative, often
- 49 Accountant's book
- 50 Express disdain
- 52 Move your king two spaces
- 55 Page in a movie theater
- 57 Deceptive tale
- 60 Before you do anything else
- 62 "Ja," across the Rhine
- 63 Letters on sunscreen bottles
- 65 Sch. that's home to the Mavericks
- 66 One in a wool coat
- 67 Woodchuck's home

Previous Puzzle's Solution



SPORTS

JASON GAY

The Rays Win Ugly. Don't Hate Them.

The American League champions are sometimes hard to watch. It doesn't diminish their low-budget innovation.

The Tampa Bay Rays are tied 1-1 with the Los Angeles Dodgers in this best-of-7 World Series, but if you're following closely, you know that's not all these plucky American League pennant winners are doing: They're also destroying baseball!

Yes, indeedy. There's a lot of grumbling about these dastardly Rays—how they're too cheap and too heretical for a classically designed sport; how they're nerding the sport into soul-sucking oblivion; how their hive of front-office spreadsheet wonks have conspired to turn the graying ex-national pastime into something dull, unwatchable and meekly dying before our eyes.

This criticism contains molecules of truth. At the plate, the Rays approach is all-in on the current feast-or-famine analytics philosophy: Tampa Bay smacks a lot of home runs, and they also strike out a ton. On defense, the Rays think nothing of garishly shoving four players into the outfield to record an out, because that's what the nerdy hitting maps say they should do. The Rays are also a landmark proponent of the “bullpen game,” in which, instead of deploying an innings-eating starting pitcher, the team takes a potluck approach, rolling out a flurry of arms for low-pitch-count cam-eos.

Next man up is a Tampa Bay mantra. The Rays used 12 different pitchers to secure a save this season, a spectacular committee effort that thumbs its nose at the idea of a single, dominant closer, a la Mariano Rivera. The Rays deny their guts and trust numbers before individuals, which is why you see impious events like the ALCS Game 7, when Tampa Bay manager Kevin Cash yanked starter Charlie Morton with a two-hit shutout after only 66 pitches.

(It worked, as it turned out. It's worked a lot. The Rays, who won 96 games in 2019, had the best record in the AL in this short pandemic season.)

Thick with small contracts and players who aren't even household names in their own households, the Rays Way is a deeply acquired taste. If you think baseball needs big stars with big contracts—if you're irritated by long games and nod off to sleep amid multiple pitching changes—you might consider them Public Enemy No. 1. If you want to blame them for the crummy TV ratings for the World Series thus far, go ahead. The Rays



Tampa Bay Rays second baseman Brandon Lowe, left, celebrates his two-run home run with shortstop Willy Adames during Game 2 of the World Series.

are used to getting blamed for everything.

But remember, there's a reason the Rays rely so hard on analytics to make decisions: if done right, it requires a lot less money. Raysball may be “Moneyball” taken to Jedi extremes, but it's extremism born from the same reality, which is competing in a smaller market. The low-revenue Rays have one of the tiniest payrolls in the sport; Tampa Bay's \$30 million or so budget can comfortably fit several times into Los Angeles's bulging wallet.

Could the Rays spend more? Almost surely. There will always be those who want Tampa Bay to spend more, and aren't thrilled that the club's tight-budgeted approach is proving sustainable. Rays talent comes and goes, because Tampa Bay opts not to keep everyone, but the result? The result is consistently impressive.

This is usually something that gets celebrated. We live in a country that valorizes thrifty innovation—the self-taught

inventor; the start-up toiling in a garage; the skeleton crew hedge fund cleaning up against the legacy banks—and the Rays, principally owned by a Wall Streeter, Stuart Sternberg, aren't terribly different. Their style is definitely not for everyone, but they're taking what they have, and making

Raysball may be ‘Moneyball’ taken to Jedi extremes, but it’s born from necessity.

the most of it. Criticizing the Rays for virtuoso wonkery sounds a little like criticizing another iconic American innovator, MacGyver.

MACGYVER: *Hey look, I made an escape rope out of bubble gum, eyelashes and pigeon feathers. We can get out of this prison.*

BASEBALL: *That's not cool, man. You're supposed to buy*

an escape rope at Home Depot for \$129.99. That's the way it's supposed to be done.

What's amazing—and surely alarming—about the Rays approach is how it's been co-opted by lots of clubs in baseball. As Journal baseball czar Jared Diamond has written, the Rays Way is pervasive in the sport, as Tampa Bay's hive of wonks have scattered to other teams. The current Dodgers boss is a former Rays Obi-Wan, Andrew Friedman, and Los Angeles is a quirky casserole of big-ticket salaries and Rays-type gimmicks. The Dodgers shift defensively more than the Rays do, and in Game 2, it was the Dodgers going with the bullpen game, yanking “starter” Tony Gonsolin in the second inning and using seven pitchers in a 6-4 loss. (The Ray used a modest five.)

To be clear: I'm not saying it's pretty. I'm not saying my boss doesn't text me and Jared several times per Rays postseason game saying how much he hates watching it. I agree that, holistically, the

final result can't be the end-all, be-all; sports are entertainment, with aesthetic concerns. (In the NBA, I would rather stare at a blank wall than watch the Houston Rockets.) Constant pitching changes, in particular, are an abomination at a moment when baseball is struggling to accelerate play and hang on to the remaining fraction of the home audience. Watching the Rays and Dodgers blast through a 12-pack of arms does make one nostalgic for the days of Drysdale, Koufax, Morris and Smoltz.

But it doesn't make the Rays any less of a mind-bending product. They continue to do spectacularly more with less, putting baseball in the position of having to legislate out aspects of the Rays Way—possibly altering rules about pitching changes, etc.—in order to slow them down. That's a pretty wild testament to what the Rays have accomplished. As is this World Series, in which they're being deeply outspent, and yet remain very much in the game.

By JARED DIAMOND

Arlington, Texas
THE LASTING IMAGE of this baseball postseason might be Los Angeles Dodgers center fielder Cody Bellinger soaring high over the wall to steal what would've been a go-ahead home run from the San Diego Padres' Fernando Tatis Jr.

Or maybe it's Bellinger's teammate, Mookie Betts, propelling the Dodgers into the World Series with a perfectly timed leap in right to turn a Freddie Freeman homer into nothing more than a flyout for the Atlanta Braves slugger.

Home-run robberies are the best baseball has to offer: breathtaking feats of athleticism that inject electricity into a game that increasingly involves standing around waiting for something exciting to happen. And they are now happening more than ever, thanks to changes throughout the sport that were meant to generate more power, but have also created more opportunity for spectacular defense.

The classic home-run robbery creates a drama in which the outcome is uncertain and it feels like the fate of the world hangs in the balance. For a brief second, no one in the stadium but the thief himself knows whether the ball landed in his glove or in the seats. An outfielder in the Taiwanese league went viral last week by robbing a home run and acting like he hadn't, only to reveal his deception after the batter rounded the bases. He had a secret that he was waiting to reveal to the world, and it's those moments of anxious anticipation that make the home-run robbery the most thrilling play in baseball.

There were 33 such robberies in 2014, according to Sports Info Solutions, which has recorded home-run robberies since 2004. By 2019, that number had risen to 69. These play-offs have already seen five, more than the 2014 through 2019 post-seasons combined.

“When you're a kid, you do practice those opportunities,” said Bell-



Baseball's Most Exciting Play

inger, whose Dodgers are tied with the Tampa Bay Rays at one win apiece in the World Series.

Upon further consideration, the sudden rise in these once-rare catches actually makes sense. A successful home-run robbery requires a couple of different elements that come together in harmony. The first is obvious: a deep fly ball—and there's no shortage of those these days.

Thanks to a turbocharged baseball and widespread changes to how hitters swing the bat, balls are rocketing toward the wall at a record pace. Of the five seasons with the most home runs in history, four have come since 2016, with new records set in 2017 and 2019. This coronavirus-shortened 60-game

campaign saw the second-highest home run rate of all time. The homers are coming as batters have adjusted their mechanics to hit more balls in the air in search of power.

The increase in long fly balls doesn't fully explain the phenomenon, however. Home runs increased by 62% from 2014 through 2019. Home-run robberies went up by nearly 110%, suggesting there's more to it.

It also has to do with changes in baseball stadiums, where the walls have gradually gotten lower. Decades ago, stadiums built to blend into their neighborhoods frequently had quirky features and dimensions. The Polo Grounds, the Manhattan ballpark where the New York Giants once played, had a 17-foot fence in

left field for most of its life. Ebbets Field, its neighbor in Brooklyn, had a right-field wall that extended to 38 feet for years. The most familiar remaining example of this is the most famous wall of all: the 37-foot high Green Monster at Boston's Fenway Park.

More recent, but now defunct, stadiums also had fences that were difficult for outfielders to climb. The Kingdome in Seattle had a 23-foot wall in right field for many years, though it didn't do much to contain Ken Griffey Jr. The Metrodome in Minneapolis had a 23-foot “baggie” in right field, while the Florida Marlins' old home north of Miami had a 33-foot “Teal Monster” scoreboard in left.

Few new stadiums have fences

The Dodgers' Mookie Betts took away a home run in Game 7 of the NLCS.

nearly that high, as teams beginning in the 1990s built parks to inspire more home runs. Oriole Park at Camden Yards in Baltimore has fences around much of the outfield that are a mere 7 feet. It's had 76 home-run robberies since 2004, the most in baseball. Next, at 54, is Angel Stadium with its 5-foot fence in left field.

This October, three of the five robberies have occurred at Globe Life Field, the Texas Rangers' new stadium that opened this year and is hosting the World Series. Its fences are 8 feet in most places. Its predecessor, Globe Life Park, had a 14-foot wall in left field.

“For a defensive player you just know you've got to keep running after it because you never know if you're going to have a chance near the wall there,” Dodgers outfielder A.J. Pollock said.

Home-run robberies are likely to remain somewhat common, as ballpark design continues to favor outfielders looking to break a batter's heart. Several stadiums in recent years have lowered their fences even further in an effort to help their batters hit more homers. The impact has been enormous.

At Citi Field, the New York Mets' stadium, there were no robbed home runs in its first three seasons of existence from 2009 through 2011. There have been 12 since 2012, coinciding with the Mets moving the fences closer to the plate and dropping the height of the left-field fence, which climbed to as high as 16 feet, to 8 feet.

Betts, a four-time Gold Glove winner, saved the Dodgers in the National League Championship Series with his defense, making a string of remarkable catches in crucial moments. Asked to pick a favorite, the answer was clear: his theft from Freeman.

Why?
“Because it was actually a home run.”

TOM PENNINGTON/GETTY IMAGES

RONALD MARTINEZ/GETTY IMAGES

OPINION

The Biden ‘Family Legacy’



POTOMAC WATCH
By Kim K. S. de Jong
A. Strassel

Joe Biden has a problem, and his name is Hunter. Because the former vice president hasn’t had to answer any questions on this topic—and continued to refuse to do so in Thursday’s debate—that problem could soon become America’s.

That’s the reality now that a former business partner of Hunter Biden’s has come forward to provide the ugly details of the “family brand.” Tony Bobulinski, a Navy veteran and institutional investor, has provided the Journal emails and text messages associated with his time as CEO of Sinohawk Holdings, a venture between the Bidens and CEFC China Energy, a Shanghai-based conglomerate. That correspondence corroborates and expands on emails recently published by the New York Post, which says they come from a Hunter laptop.

In a statement, Mr. Bobulinski said he went public because he wants to clear his name, which was contained in those published emails, and because accusations that the information is fake or “Russian disinformation” are “offensive.” He attests that all the correspondence he provided is genuine, including documents that suggest Hunter was cashing in on the Biden name and that Joe Biden was involved. Mr. Bobulinski says he was also alarmed by a September report from Sen. Ron Johnson that “connected some dots” on the CEFC deal, causing him now to believe the Bidens sold out their U.S. partners.

Mr. Bobulinski’s text messages show he was recruited for the project by James Gilliar, a Hunter associate. Mr. Gilliar explains in a December 2015 text that there will be a deal between the Chinese and “one of the most prominent families from the U.S.” A month later he introduces Rob Walker, also “a partner of Biden.” In March 2016, Mr. Gilliar tells Mr. Bobulinski the Chinese entity is CEFC, which

is shaping up to be “the Goldmans of China.” Mr. Gilliar promises that same month to “develop” the terms of a deal “with hunter.” Note that in 2015-16, Joe Biden was still vice president.

As the deal takes shape in 2017, Mr. Bobulinski begins to question what Hunter will contribute besides his name, and worries that he was “kicked out of US Navy for cocaine use.” Mr. Gilliar acknowledges “skill sets [sic] missing” and observes that Hunter “has a few demons.” He explains that “in brand [Hunter is] imperative but right know [sic] he’s not essential for adding input.” Mr. Bobulinski writes that he appreciates “the name/leverage being used” but thinks the economic “upside” should go to the team doing the actual work. Mr. Gilliar reminds him that those on the Chinese side “are intelligence so they understand the value added.”

What we learned from the text messages of Hunter’s partner Tony Bobulinski.

This dispute almost derails the deal. Hunter is hardly visible through most of the work, until final contract negotiations ramp up in mid-May. He brings in his uncle Jim Biden for a stake. (Mr. Gilliar in a text message soothes Mr. Bobulinski with a promise that Jim’s addition “strengthens our USP”—unique selling proposition—“to the Chinese as it looks like a truly family business.”) Hunter in texts and emails wants offices in three U.S. cities, “significant” travel budgets, a stipend for Jim Biden, a job for an assistant, and more-frequent distributions of any gains. As for annual pay, he explains in an email that he expects “a hell of a lot more than 850” thousand dollars a year (the amount Mr. Bobulinski, the CEO, is getting), since his ex-wife will take nearly all of it.

Mr. Bobulinski pushes back, warning Mr. Gilliar in a text that they need to “manage”

Hunter because “he thinks things are going to be his personal piggybank.” The duo worry about his “mental state,” substance abuse, and his ability to make meetings.

Hunter, in his own angry texts, makes clear that his contribution is his name. He rails at Mr. Bobulinski that the CEFC heads are “coming to be MY partner to be partners with the Bidens.” He reminds him “that in this instance only one player holds the trump card and that’s me. May not be fair but it’s the reality because I’m the only one putting an entire family legacy on the line.” Mr. Gilliar privately tells Mr. Bobulinski to show flexibility, since “I know why [CEFC Chairman Ye Jianming] wants the deal and what makes it enormous, It’s the family name.”

CEFC was closely entwined with the Chinese government and military until it went bankrupt, following U.S. charges of money laundering. There is no question CEFC was buying Hunter for influence.

Joe Biden claims he has never discussed his son’s business. Yet a May 2017 “expectations” document shows Hunter receiving 20% of the equity in the venture and holding another 10% for “the big guy”—who Mr. Bobulinski attests is Joe Biden.

In one text, Hunter says that “my Chairman gave an emphatic NO” to a version of the deal. Mr. Walker, Hunter’s partner, explains in a text to Mr. Bobulinski that when Hunter “said his chairman he was talking about his dad.”

Mr. Bobulinski’s texts show he even met with Joe Biden. Mr. Gilliar reminds him in May 2017: “Don’t mention Joe being involved, it’s only when u are face to face, I know u know that but they are paranoid.” Mr. Biden had left office by then, though CEFC was always a suspicious company with ties to a rival government. It would have a been risky for any public figure to deal with it, much less a potential presidential candidate. Mr. Biden was given ample opportunity to deny the authenticity or facts of the Bobulinski information at Thursday’s debate; he didn’t.

The deal fell through on the

Chinese end in the summer of 2017. CEFC was supposed to supply \$10 million; it never arrived. This is where the Johnson report comes in. The Senate report notes that CEFC wired \$5 million to a company called Hudson West in August 2017. The report says an associate of CEFC Chairman Ye in September opened a line of credit under Hudson West’s name, and Hunter, Jim Biden and Jim Biden’s wife, Sara, were given credit cards associated with the account, and bought items totaling more than \$100,000.

The report says Hudson West also sent \$4.7 million in “consulting fees” to Mr. Biden’s law firm over the course of a year. Mr. Bobulinski suspects Hunter and Jim had found an easier way to cash in on their name, one that didn’t involve pesky partners and complex deals. He sent a furious text to Jim Biden after the release of the Senate report, accusing Hunter and Jim of “lying” to their partners and secretly taking money from CEFC. The FBI last year subpoenaed Hunter’s laptop. A call to Hunter Biden’s attorney was not returned by our deadline.

All of this is news. The press corps that is ignoring it spent four years writing about Donald Trump’s Moscow business. The correspondence meanwhile blows up Rep. Adam Schiff’s claim that the Hunter story is Russian “disinformation.” It raises real concerns about what security risks Hunter might pose for a Biden administration. And it raises questions about Joe Biden’s involvement.

The former vice president is running on trust and good judgment. The Hunter tale is at best the story of a wayward son and indulgent father. At worst, it is an example of the entire Biden clan cashing in on its name with a U.S. rival. As Mr. Biden refuses to answer questions about this case, voters will have to make up their own minds. But given Hunter’s exploits in China, Ukraine, Kazakhstan and elsewhere, much more is yet to come—in the next week and a half and potentially in a Biden presidency.

Write to kim@wsj.com.

A Christian Walks Into a Bar

HOUSES OF WORSHIP
By David de Jong

For centuries bars have been a place where people of different religions and political orientations gathered to discuss their beliefs—listening to and learning from one another. As countless bars closed this year amid the Covid-19 pandemic, many lost more than a place to unwind after work. They no longer had a crucial space to talk about life, meaning and faith.

The loss was felt acutely by anyone who has attended “pub theology” meetings, which have grown increasingly popular in recent years. The modern trend began in 1981, when a group of Catholic priests in Illinois began holding gatherings to talk about God over beer. They called it “Theology on Tap.” The concept soon gained popularity in the U.K., where it picked up the “pub theology” name.

Bryan Berghoef, then an ordained pastor at the Christian Reformed Church in Holland, Mich., started hosting pub theology meetings in 2008 after hearing about gatherings being held in London. “Some of the most important moments in the history of the church took place in the pub. Luther kickstarted the Reformation over a few beers with his friends. The Church of England was started in Cambridge’s White Horse Tavern,” the pastor writes in his book on pub the-

ology. “Many of the best Methodist hymns like ‘Love Divine, All Loves Excelling’ were inspired by pub music. And seemingly all the best conversations take place in the pub. The format is simple: beer, conversation, and God.”

Over the past decade, the pub theology movement has grown to more than 200 weekly gatherings across the U.S. Average attendance can reach around two dozen people. Over the phone, Mr. Berghoef describes a regular pub-theology night in Western Michigan. Scripture from any of the major world religions is read and discussed, as are current events. A current topic of discussion could be Halloween, which remains contentious for some of the faithful because of its pagan roots. Most Christian denominations are present every week. Jews and Muslims often attend. The occasional Hindu, Buddhist and Baha’i comes by, along with a few atheists and agnostics.

Even nondrinkers—whether they are in recovery or abstaining for religious reasons—attend. “Some order a root beer and that’s fine. The point is not what we’re drinking. The point is open conversation,” Mr. Berghoef says. Pub-theology meetings are held in several Western Michigan cities, including Holland and Zeeland, both named after Dutch provinces. Holland lifted a ban on Sunday alcohol sales in 2008, but

Zeeland still forbids them.

Western Michigan residents appreciate a good beer. Grand Rapids, the region’s largest city, has called itself “Beer City, USA” for years. Its more than 80 craft breweries make it the city with the world’s highest density of breweries.

‘The format is simple,’ writes an expert on pub theology: ‘Beer, conversation and God.’

It is no surprise then that a Calvinist pastor in Western Michigan evangelized pub theology in the U.S. The region’s piety, Dutch roots and beer culture provide fertile soil for these gatherings to grow. Its dominant denominations are the Reformed Church in America and the more traditionalist Christian Reformed Church. Both were founded by Dutch Calvinist immigrants and still maintain some of the highest percentages of church attendance and community participation in the country. About 77% of the CRC’s 216,000 members attend church every week.

The Dutch Calvinist piety and roots of Western Michigan is also reflected in its current congressional races. Michigan’s Second and Third Congressional Districts, which cover much of the state’s western region, have the high-

est percentage of Dutch-Americans in the country. In the Grand Rapids area, the contest over who will succeed Rep. Justin Amash has attracted millions in campaign spending. Former Justice Department attorney Hillary Scholten, a devout CRC member and Democrat, is running against the 32-year-old Republican Peter Meijer—a CRC member, Iraq veteran and heir to the Meijer supermarket fortune.

In the neighboring district, Rev. Berghoef, now an ordained pastor at the United Church of Christ, is challenging Republican incumbent Bill Huizenga, another prominent CRC member seeking a sixth term representing Michigan’s second congressional district. Besides all four being current or former CRC members, the candidates are all Dutch-Americans, stemming from first to fifth-generation immigrants. Rep. Huizenga’s predecessor, Pete Hoekstra, is U.S. ambassador to the Netherlands.

Mr. Berghoef hopes to have a beer with Rep. Huizenga at some point, but it will have to wait for now. The congressman tested positive for Covid-19 last week and is quarantined at home.

Mr. de Jong is author of “Nazi Billionaires: The Dark History of Germany’s Wealthiest Dynasties,” forthcoming from Houghton Mifflin Harcourt.

Notable & Quotable: Northwestern Protests

Northwestern University President Morton Schapiro in an Oct. 19 letter:

Over the weekend I received many messages of concern about protests organized by some of our students, among others, who are demanding the abolition of the Northwestern University Police Department. . . . I condemn, in the strongest possible terms, the overstepping of

the protesters. They have no right to menace members of our academic and surrounding communities. When students and other participants are vandalizing property, lighting fires and spray-painting phrases such as “kill the pigs,” we have moved well past legitimate forms of free speech.

I want to offer a personal illustration of the pain these protesters have caused. Many

gathered outside my home this weekend into the early hours of the morning, chanting “f--- you Morty” and “piggy Morty.” The latter comes dangerously close to a longstanding trope against observant Jews like myself. Whether it was done out of ignorance or out of anti-Semitism, it is completely unacceptable, and I ask them to consider how their parents and siblings would feel if a

group came to their homes in the middle of the night to wake up their families with such vile and personal attacks. To those protesters and their supporters who justify such actions, I ask you to take a long hard look in the mirror and realize that this isn’t actually “speaking truth to power” or furthering your cause. It is an abomination and you should be ashamed of yourselves.

BOOKSHELF | By Sam Kean

Olfactory Bliss

Nose Dive

By Harold McGee
(Penguin Press, 654 pages, \$35)

Human beings have a better sense of smell than you might expect. Sure, we’re no bloodhounds, but a scientific study from 2014 estimated that the human nose could distinguish, in theory, up to a trillion different odors. The only problem is, it’s very hard to describe most scents. We can classify shapes and colors precisely, and have hundreds of sound words to differentiate booms and bangs from buzzes and beeps. With smells, however, most of us are left groping. We just don’t have a vocabulary for odors beyond vague descriptors like “wet dog” or “chemically.”

Harold McGee does not suffer from this limitation. Every page of “Nose Dive: A Field Guide to the World’s Smells” is crammed with the olfactory equivalent of onomatopoeia. He describes the book as “a ten-year sniffing expedition,” and he’s determined to explore every last cranny of what he calls the “osmocosm”—the totality of scents in the world around us.

Fans of Mr. McGee’s seminal “On Food and Cooking” (1984) might be surprised to see a different author here, someone who embraces the revolting. He buys a bag of bird guano and buries his nose in the ammonia and fishy amines that waft out. No less intrepidly, he describes compost, engine oil, “a fetid street drain,” even his own seared tongue as he has a swollen taste bud cauterized—“grilled McGee,” he calls it.

The smell tour starts in outer space. If you could sniff an interstellar dust cloud, Mr. McGee writes, you’d catch whiffs of smelling salts, camp-stove fuel, vinegar, eggs and fruit. Asteroids, meanwhile, are more redolent of sweat, almonds, fish and honey. He also delves into the raw smells of the Earth itself, in passages that are more discursive and reveal a more literary style than he usually employed in “On Food”: “Solid sulfur first melts into a yellow liquid, then turns red, the color of fire and blood. . . . It helped inspire visions of underworlds and afterworlds where the unrighteous dead are punished in lakes of fire and brimstone.”

From space and earth, he moves on to the smells of the human body—or more accurately, of the 4-pound mass of microbes residing in the human body that reconfigure our largely odorless biochemicals into scented ones. And again, there’s no quarter given for the squeamish. He covers bad breath, semen, feces and the aptly named putrescine and cadaverine, which produce the bouquet of decomposing corpses. You’ll never look at a charcuterie plate the same way after his breakdown of how the discarded skin proteins, foot bacteria and sweat inside your socks essentially recapitulate the transformation of milk and brine into prized aromatic cheeses.

Still, fans of Mr. McGee’s culinary writing won’t be disappointed—there are several hundred pages devoted to scrumptious foods, both raw and cooked. He articulates the secrets of truffles and peaty whisky. He seems especially obsessed with the echoes and slant rhymes of food—why pineapples can smell like Parmesan, oysters like cucumbers, sherry like soy sauce, even “the prized ‘kerosene’ note of well-aged Rieslings.”

The dean of food-science writers brings his matchless descriptive powers to the ‘osmocosm’—the totality of scents in the world around us.

It’s important to note that Mr. McGee isn’t blustering here, the way some wine snobs speak cryptically—and unverifiably—of certain “overtones” in their favorite vintages. Like an analytical chemist, he catalogs the exact molecules that each food or substance emits, and how they combine like musical notes to produce a scent chord. He offers some general rules for correlating molecular structure with aromatic sensation—that sulfur is generally pungent, and large molecules are more pleasant than small ones. It’s fascinating stuff. I especially enjoyed his discussion explaining how many compounds we think of as floral and fruity actually evolved first in animals, and were only later appropriated by plants, often to lure animals toward them to disperse seeds. “For the all-smelling cosmic Chef,” he concludes, “cucumbers would be evocative of oysters, and watermelons of fish, not the other way around!”

As much as “Nose Dive” is a book of today’s smells, it’s also a book of lost smells. In short, we live in a much different smellscape than our ancestors did. “For hundreds of thousands of years,” Mr. McGee notes, “most humans would have smelled smoke every day from birth to death.” In the Western world today, that’s a rarity. Smells like wool, leather, animal soap and petrichor—the bloom of rocks after rain—rarely impinge, either. Even for smells like pine, he notes, “most people today are more likely to encounter these molecules first and most often in bathrooms and hospitals and malls, not in the wild and garden where humankind first found and cultivated them.” We also go to ridiculous lengths—coughing up billions of dollars a year collectively—to blot out perfectly natural body odors.

Despite the occasional nostalgia, Mr. McGee is too much of an aesthete to wallow in the doldrums for long, and his enthusiasm is contagious. (After his description of what a typing-warmed computer keyboard smells like, I couldn’t help but sheepishly sniff mine.) “Nose Dive” is not a book you need to read straight through, as Mr. McGee notes: “Feel free to wander and jump and backtrack and pause, as your own nose and mind and experiences lead you.” This does result in some repetition, including passages duplicated verbatim, but his admonition to “set aside the air fresheners and deodorants, unleash our natural animal interest, and sniff around ourselves” is good advice. Sometimes you just have to stop and smell the lychee and green-tea overtones that, with Mr. McGee’s guidance, you might soon recognize in a rose.

Mr. Kean is the author, most recently, of “The Bastard Brigade: The True Story of the Renegade Scientists and Spies Who Sabotaged the Nazi Atomic Bomb.”

Coming in BOOKS this weekend

- Tecumseh & the Prophet • Teddy Kennedy’s liberal odyssey
- The walker in the city • The golden age of Egyptology • James Smithson, gentleman scientist of Smithsonian fame
- The naming of butterflies • Sam Sacks on fiction • & more

OPINION

REVIEW & OUTLOOK

Red and Blue States of Recovery

Everything is hyper-politicized these days, so even the surprisingly strong U.S. economic recovery is being dismissed as a mirage. The truth is that growth is continuing, and even the labor market for lower-income workers is reviving, though it has become increasingly bifurcated between states that re-opened sooner and those that maintained longer lockdowns.

* * *

The latest good news was Thursday’s report that continuing jobless claims for the week of Oct. 10 declined by nearly one million to 8.37 million, and by 3.6 million in the last three weeks. This is a more important metric than new claims since it reflects layoffs and new hires. Continuing claims in the past three weeks have fallen twice as fast as they did from June through August.

This means workers who are being laid off now are finding jobs more quickly than they did this summer. They may also now have more of an incentive to do so since federal enhanced unemployment benefits are expiring. Some additional federal benefits may have been necessary this spring when most businesses were forced to shut down.

But in August the layoff rate hit the lowest on record, according to the Bureau of Labor Statistics’ (BLS) latest Jolts report. In July and August, layoffs were fewer than during the same months last year. This was even true for food and accommodation businesses, which discharged 364,000 workers in July and August compared to 420,000 last year. Yelp reported this week that more new restaurants opened in September than in 2018, 2017 and 2016.

Employers are also raising wages. Third-quarter median weekly earnings increased 8.2% year-over-year and 9.2% for the bottom 25% of workers, according to BLS. Median weekly earnings rose 3.5% for construction workers, 4.6% for those in production occupations, 11.8% for Hispanics and 9.3% for blacks.

Banks noted in third-quarter earnings reports last week that loan defaults have been lower than expected, and the average consumer credit score is the highest since 2005. Many Americans used government stimulus checks to repay debt, but they haven’t reduced spending once government transfer payments faded as some economists predicted. The savings rate in August was a very high 14%.

Joe Biden’s ‘K-shaped’ economy is made in the lockdown states.

Last week’s government retail report showed spending in September was up 5.4% year-over-year, including 10.5% for food and groceries, 10.9% for motor vehicles, 19.1% in building and home furnishing, and 23.8% for online retailers. Americans are still spending but on different things. These shifts are increasing the demand for workers in industries like warehousing, distribution and construction.

Home construction is booming, with builders reporting shortages of materials and workers. The Atlanta Federal Reserve estimates the economy grew 35.3% in the third quarter, and another 5% or more is possible in the fourth. Democratic economists want to ignore or dismiss this progress for obvious political reasons, but that doesn’t change the reality.

* * *

The story that the media haven’t told is that states that have maintained longer and stricter business restrictions have been slower to recover. The unemployment rate in September was 12.6% in Nevada, 11% in California, 10.5% in Rhode Island, 10.2% in Illinois, and 9.7% in New York compared to 6.7% in Arizona, 6.4% in Georgia, 5.4% in Wisconsin and 5% in Utah.

New York added 100,000 jobs last month as Gov. Andrew Cuomo finally let dine-in restaurants and gyms in New York City reopen at limited capacity. But 363,000 workers also dropped out of the labor force, which was the biggest driver in the state’s 2.8-point decline in unemployment. New Jersey’s unemployment rate fell to 6.7% from 11.1%, but that’s also largely because 229,000 workers left the labor force. The main cause of what Joe Biden calls the “K-shaped recovery” are Democratic governors that shut down their economies.

By contrast, Arizona’s labor force grew by 151,000, and Wisconsin’s by 82,000. School closures and hybrid instruction schedules in some states may be causing women to stay home. But workers in stricter lockdown states who have been unemployed for many months may also now be dropping out of the workforce because they are discouraged.

The U.S. economy overall has plenty of momentum, and the biggest risk isn’t a reduction in government relief, as the liberal intelligentsia proclaim. It’s political leaders who refuse to reopen schools and businesses, no matter the virus risks, and threaten major new burdens on hiring and investment.

Strengthening Taiwan’s Defense

The Trump Administration moved forward this week with a \$1.8 billion arms sale to Taiwan. The timing is right, given China’s lawless takeover of Hong Kong and its escalating threats against Taiwan.

On Wednesday the Department of Defense gave Congress formal notification of the arms sale. The purchase will proceed unless lawmakers vote to block it within 30 days—which is unlikely given bipartisan concern about Beijing’s aggressive behavior.

The sale would include SLAM-ER missiles and high-mobility artillery rockets to help Taiwan defend itself if the Chinese military launches a cross-strait invasion. Also included is a secure communication system to improve the visibility of Taiwan’s F-16 fighter jets and allow them to network with ground forces. The Trump Administration is also considering the sale of MQ-9 Reaper drones and land-based Harpoon antiship missiles, though these aren’t

Trump moves to sell \$1.8 billion in arms. Would Joe Biden do the same?

part of the current package. On Thursday Chinese Foreign Ministry spokesman Zhao Lijian said the sale would undermine “China-U.S. relations and peace and stability across the Taiwan Strait.” The real problem is Beijing’s growing threats against the island.

Last month the Chinese military conducted a combat drill near the Taiwan Straits, and the state-run Global Times said these exercises “are rehearsals on taking over Taiwan.” Chinese warplanes have repeatedly flown near or within Taiwanese airspace this year, including 22 times since Sept. 16. During a visit to a Guangdong military base last week, President Xi Jinping told troops to “focus your minds and energy on preparing to go to war, and stay highly vigilant.”

The arms sale is much-needed for Taiwan’s defense, but it’s also a crucial signal of U.S. support. Whoever wins on Nov. 3 will need to do more lest China see weakness and strike.

Biden’s Character Campaign

President Trump came to the second and last presidential debate Thursday night trying to pin down Joe Biden on his policies and family’s business with foreign governments. Mr. Biden did his best to parry and duck, coming back time and again to his main themes of “character” and an end to divisive politics. With a solid lead, and more than 40 million votes already cast, Mr. Biden’s bet is that he can run out the clock.

Mr. Trump was both better prepared and more disciplined than in the first debate, and if he loses on Nov. 3 he will wish he had done that the first time. He offered the best defense we’ve heard him make of his coronavirus effort, focusing on the vaccines in development, his mobilization of resources in the spring, and the need to balance protection of the vulnerable with reopening the country.

Mr. Biden is his most demagogic when he addresses the virus, saying at one point that “anyone responsible for that many deaths should not remain as President.” We’ve criticized Mr. Trump’s inconsistent and sometimes Panglossian rhetoric, but calling him responsible for every American death is neither honest nor decent. Mr. Biden’s “plan” on Covid is essentially Mr. Trump’s with more prudent rhetoric and a warning to wear a mask. On potential future lockdowns, Mr. Trump says no while Mr. Biden says maybe.

Mr. Trump tried to make the economy an issue but the moderator never gave it much chance to be joined. Mr. Biden revealed the truth about his climate policy when he said he wants to eliminate the oil business, and voters should take him seriously. He also signaled that, while he won’t immediately ban

fracking, he will punish it with regulation. Mr. Trump is right that U.S. carbon emissions are lower on his watch, thanks to natural gas. If you’re working in fossil fuels, or an industry that relies on them, Mr. Biden really is coming for your job.

The President brought up the new evidence that Mr. Biden’s son Hunter traded on his father’s name to court sketchy Chinese investors. It’s a fair question, though Mr. Trump went overboard and accused Mr. Biden of enriching himself personally. That gave Mr. Biden the chance to deny that he had ever taken a cent from any foreign business.

But the claim, backed now by documents and the account of Hunter’s would-be business partner, Tony Bobulinski, is that Joe knew about Hunter’s dealings and even met with Mr. Bobulinski. Joe Biden has said he never spoke with Hunter about his business interests, yet the emails and texts clearly show the opposite.

Mr. Biden’s first response was to say Mr. Trump hasn’t released his tax returns and must be hiding something. Then he dismissed the story as Russian disinformation, for which there is no evidence. Mr. Biden and the campaign haven’t denied that the emails are genuine, or that Joe Biden met with Mr. Bobulinski.

The Biden braintrust probably figures that most of the press won’t pursue the story, and that he can ride it out without elaboration through Election Day. They may be right, though they have to hope no more contradictory evidence emerges. Mr. Biden has placed his bet that a campaign based almost entirely on character and Covid-19 is enough to take the White House. It’s paid off—so far.

LETTERS TO THE EDITOR

Readers Consider McRaven’s View of Biden

Adm. William McRaven offers no coherent explanation for how Joe Biden can restore American leadership, especially in light of Vice President Biden’s long record of foreign-policy misjudgments and failures (“Biden Will Make America Lead Again,” op-ed, Oct. 20). Robert Gates, President Obama’s defense secretary, correctly noted that Joe Biden has “been wrong on nearly every major foreign policy and national security issue over the past four decades.” To imply that Joe Biden’s supposed “decency” is enough to change how the world views us is laughably naive. What the world clearly does understand are our ideals and the necessity for protecting this country’s national interests and military power, which President Trump has done much to restore. And, finally, the admiral’s claim to be “pro-life” while voting for the Biden-Harris ticket, which favors no limits on abortion, and supports taxpayer funding of it, is an appalling example of Orwellian Newspeak.

CHRISTOPHER L. LAWLOR
Mequon, Wis.

I’m afraid that “decency and a sense of respect” aren’t as valued on the world stage as many Americans would believe. I would rather have a good doctor with a poor bedside manner than a bad doctor with a good bedside manner.

PETER SCHRECK
Savannah, Ga.

Joe Biden has established himself as a prolific shapeshifter currently aligned with the far left. Electing him to the White House will hardly see America “stand up to tyranny, lift up the downtrodden, free the oppressed, and fight for the righteous.” During eight years of the Obama-Biden administration we saw the Arab Spring crushed by American disengagement, a magically disappearing “red line” in the Syrian civil war, the failed “Russian reset,” a shameful response to the Benghazi terror attack, a power vacuum enabled in the Middle East leading to the rise of ISIS and the dangerously ineffective Iran nuclear deal. We can add the shadow of the Bidens’ dealings with China and Ukraine.

Diversity and inclusion? Yes! But while the First Amendment is the “cornerstone of our democracy,” viewpoint diversity is effectively discour-

aged in our current culture, and blatant actions against free speech (disinvited college speakers, fired news editors and CEOs, backlashes against authors writing on the wrong topics) are a tactic almost exclusively of the left these days.

Make an argument all you want against President Trump’s lack of civility, morals and general comportment, but don’t tell me Joe Biden will return America to centrist normalcy. Our long-simmering political and cultural rot do not originate with Donald Trump. And Joe Biden, with almost a half-century in high public office, is simply part of the problem.

MATTHEW C. MCCONNELL
Allentown, Pa.

I respect the admiral for his selfless service, but his claim that he is “pro-life, pro-Second Amendment, small government, strong defense” lacks all credibility when he says he voted for Joe Biden.

LEE THOMPSON
Carnegie, Pa.

I’m a registered Republican in total agreement with Adm. McRaven. He said it much better than I could.

MARY KOMATSU
San Mateo, Calif.

Did Adm. McRaven read Walter Russell Mead’s Global View column “Trump’s Middle East Metamorphosis” published just below his op-ed? President Trump’s work in the Middle East has brought more hope for peace than any action of any president in the last 40 years. Now that is American leadership. I pray that the thousands of young American servicemen and women who fought in senseless, unfruitful wars in the Middle East over the last 30 years and were maimed or permanently traumatized don’t make the same mistake that Adm. McRaven did when they vote.

KEVIN M. MOWERY
Ballwin, Mo.

President Trump has put in place many, if not all, of the ideas he articulated when he first ran for office. Mr. Biden has only the 1994 crime bill that he can truly call his own creation after 47 years in Washington, and lately he’s been running away from that—not a good sign of leadership.

RUSSELL JACKSON
Cincinnati

Remembering That Forgotten Man Correctly

Regarding Jason De Sena Trennert’s “Remember the Forgotten Man?” (op-ed, Oct. 19): No, it wasn’t about overlooking the average American, since Hillary Clinton won the 2016 popular vote by almost three million. It was clearly the Democrats’ failure to take three states and 80,000 voters seriously. And does Henry David Thoreau appeal more to elites of the Republicans or Democrats? Please.

THOMAS CONKLIN ROTHE
Tucson, Ariz.

The challenge the elites on the left have, as well as their progressive non-elites, is most people in America do not view themselves as victims, despite the indoctrination they receive daily. However, the coastal elites and progressives require victims to retain power. A victim is dis-enabled, therefore victims require the assistance of others, in this case a larger, more invasive government to rescue them.

As Peggy Noonan wrote (“Scenes From the Class Struggle in Lockdown,” Declarations, May, 16), blue-collar voters, whom the left portrays as downtrodden victims, are “more fatalistic about life because life has taught them to be fatalistic.” When viewing the job-secure pundits, they think: “You have no idea what tough is. You don’t know what painful is. And if you don’t know, why should you have so much say?” They are proud, resourceful and creative. Life has taught them that.

GLEN ESNARD
Jackson, Wyo.

Mr. Trennert claims that forgotten voters in the Rust Belt contributed to the 2016 upset election of Donald Trump. He explains that such individuals simply wanted to live “free from want and fear . . . [to] just want the freedom to say what we think and to worship as we choose.” Referring to J.D. Vance’s “Hillbilly Elegy,” mostly about rural poverty in Kentucky’s Ap-

Can Feinstein Vote for Joe?

Regarding Daniel Henninger’s “Amy Coney Barrett’s Religiosity” (Wonder Land, Oct. 15): I assume that Sen. Dianne Feinstein won’t be voting for Roman Catholic Joe Biden either.

PETER BOLAND
Carlsbad, Calif.

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palachia, is inappropriate. These people are culturally and socially different from those of us who grew up in the Rust Belt, as I did in the 1940s and ’50s just outside Pittsburgh, before I moved back to West Virginia.

The industrial decline leading to the Rust Belt eventually progressed in and around Pittsburgh, Buffalo, Cleveland, Detroit and Gary. These cities lost almost half of their populations, yet still are most definitely Democratic and voted that way in 2016. Many of the remaining residents there are indeed forgotten men and families—but they are not necessarily Trump supporters.

The 2016 election results do not validate Mr. Trennert’s conclusion. President Trump did not win the popular vote. A better argument can be made that he did not win, so much as Hillary Clinton lost.

LEWIS HAMILTON
Boca Grande, Fla.

One gets the feeling we “average” folk are a dwindling breed, and that’s worrisome. Growing up in the farmlands of Lancaster County, Pa., and later working many years in New York City and its suburbs, I’m perfectly fine with being average and certainly fit Thoreau’s description of just being someone who “wants the freedom to say what we think and to worship as we choose,” without fear of reprisal, humiliation or, worse, being called deplorable. Maybe our numbers are greater than I think and we’ll not be forgotten for very long. One can only hope and pray. Beats complaining.

CARL SENSENIG
Lansdale, Pa.

Pepper ... And Salt

THE WALL STREET JOURNAL



“Let’s face it, no one knows we’re here—apart from Google.”

WORLD NEWS

Ultra-Orthodox Defy Israel’s Virus Rules

Distrust of government and the desire to preserve a way of life fuel a broad backlash

By DOV LIEBER

JERUSALEM—As Israel eases its second nationwide lockdown, a revolt among ultra-Orthodox Jews against public-health guidelines is complicating efforts to control the coronavirus outbreak.

Across Israel, schools and most businesses are closed. People are required to wear masks in public, and outdoor gatherings over 20 people are banned. Police and city inspectors patrol the streets, fining rule breakers. Signs on highway banners and city billboards remind people to wear masks and social distance.

But on a bright autumn morning in Jerusalem’s ultra-Orthodox stronghold of Mea Shearim, no police patrolled the narrow alleyways closed off behind stone walls. Thousands of children crowded into schools, and men, young and old, returned to their yeshivas, where they study all day. The only common sign in the neighborhood that mentions coronavirus is an advertisement for free ginger to boost the immune system.

“After eight months of not doing what we’re told to do by my government, we’re still alive and healthy, so there’s no reason to close the Torah institutes,” said one ultra-Orthodox man in his 20s who was chatting outside a yeshiva.

A deep distrust of the government and a desire to pre-



Ultra-Orthodox Jewish teens attend a funeral in Ashdod, Israel. Many members of the community refuse to observe Covid regulations.

serve a way of life are fueling a broad—but not uniform—backlash against government efforts to impose public-health guidelines on the ultra-Orthodox. Many members of the community also suspect the virus isn’t so dangerous as to disrupt the rhythms of their insular and conservative enclaves, in which many men study religion rather than work, and gather three times a day for collective prayers.

“When the number of deaths isn’t as large as has been purported, the community prefers slight physical damage rather than a massive spiritual blow,”

says Rabbi Pinchas Zaltzman, a religious judge in the ultra-Orthodox city of Bnei Brak.

The ultra-Orthodox community hasn’t been immune from Covid-19. While the ultra-Orthodox make up about 12.5% of the population, they accounted for up to 65% of infections nationwide in the first wave in the spring and more than 40% in the current second wave, according to a study based on the Ministry of Health data by Eran Segal, a computational biologist at the Weizmann Institute of Science.

At the same time, the death rate per 1,000 people in the ul-

tra-Orthodox sector is about half the rest of the country, largely because government figures show it is a much younger population.

After four weeks of a second nationwide lockdown, Israel reduced the infection rate from more than 8,000 new cases a day to under 1,500. Now, Israeli health officials fear the ultra-Orthodox decision to prematurely open schools and seminaries could lead to yet another lockdown.

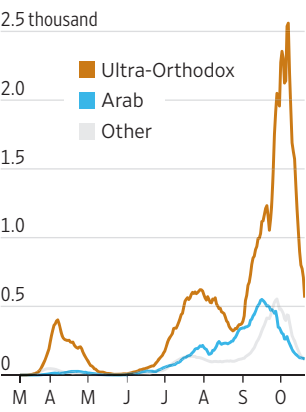
The two lockdowns in the course of seven months have crushed Israel’s economy, with the Bank of Israel estimating

each week of the current lockdown costing the state \$2 billion. The lockdowns also have left nearly a million Israelis jobless, according to the Israeli Employment Service.

The pervasive economic pain in Israel, coupled with high infection rates among the ultra-Orthodox, has deepened a national rift.

“Up until the Covid crisis, the majority of Israelis had some anger with the ultra-Orthodox, but they had a feeling that if there was a crisis, we’ll unite,” said Shuki Friedman, director of the Center for Religion, Nation and State at the

Confirmed Covid-19 cases per million in Israel, seven-day rolling average



Source: A study based on Ministry of Health data by Eran Segal, the Weizmann Institute of Science

Jerusalem-based think tank Israel Democracy Institute. “This crisis demonstrates...we can’t join the forces.”

Critics say Prime Minister Benjamin Netanyahu has permitted the ultra-Orthodox to flout virus rules because he needs their support.

Mr. Netanyahu says his policies stem from consultations with health experts, and he has publicly pleaded with the community to follow the rules. “The decisions that we made about the lockdown, about the slow and gradual exit, were not simple decisions, but they were responsible,” he said Sunday.

Mr. Netanyahu has been able to rely on support from the ultra-Orthodox community because his governments have helped finance the yeshivas, and have preserved a status quo that exempts young men studying at them from serving in the military, which is compulsory for other Israelis.

Eurozone Borrowing Is Soaring

By PAUL HANNON

Government borrowing in the eurozone surged this spring to its highest levels since the creation of the currency union, as countries spent hundreds of billions of euros to cushion their populations against the devastating economic impact of the pandemic.

The combined budget deficits of eurozone governments surged to 11.6% of gross domestic product, more than four times the 2.5% deficit recorded in the first quarter, and well above the 7% deficit recorded in the first quarter of 2010, which was the largest seen in the wake of the global financial crisis.

The European Union’s statistics agency said Thursday that government debt totaled 95.1% of GDP, more than reversing six years of progress in reducing borrowing from the previous peak of 94% of annual economic output.

The statistics follow last week’s estimates from the Treasury Department that showed the U.S. budget deficit tripled to a record \$3.1 trillion in the fiscal year that ended Sept. 30, or 16.1% of economic output.

Despite a rise in debt that is

unprecedented outside of war, governments on both sides of the Atlantic Ocean appear set to borrow heavily again next year, marking a sharp change from the aftermath of the financial crisis, when governments rushed to cut spending in painful austerity programs.

The International Monetary Fund, which at the time backed that austerity drive, urged European governments on Wednesday to continue to spend freely in support of businesses and households, and worry about rising debts later.

“Policy makers need to do whatever it takes,” said Alfred Kammer, director of the IMF’s European department. “We should not repeat the mistake of the global financial crisis.”

The IMF expects the eurozone’s budget gap to widen to 10.1% of GDP in 2020, from 0.6% last year. That is a much smaller deficit than the 18.7% it expects for the U.S., although the budget gap there had reached 6.3% of GDP in 2019, before the pandemic hit.

As a group of countries that cooperate on economic policy, the EU has rules designed to limit budget deficits, although they often are disregarded.

Now, the bloc has suspended those rules, giving governments more freedom to continue to borrow large sums next year.

According to Oxford Economics, budgets for next year submitted by governments from the 11 largest eurozone members suggest they are going to use that freedom because they envisage deficits of roughly 6% of GDP.

95.1%

EU government debt as a percentage of GDP

The IMF expects the U.S. government to run a deficit of 6.9% next year.

“The suspension of the bloc’s fiscal rules will allow governments to continue running expansionary policy next year, although policy could be substantially tightened in 2022 if the rules are reintroduced,” said Rosie Colthorpe, an economist at Oxford Economics.

Germany, which has long urged policies to reduce Euro-

pean government debt, said the eurozone’s future prosperity depends on governments sticking to the budget rules, although it didn’t say when they should be reactivated.

Economists who advise the EU want the bloc’s members to use the year of suspension to change the budget rules, which their critics say are difficult to understand and enforce.

“There’s a much greater sense that the basis for the rules needs to be examined,” said Niels Thygesen, chairman of the European Fiscal Board.

Eurostat said Greek government debt rose to 187.4% of annual output from 176.9% in the first quarter, while Italy’s debt rose to 149.4% of GDP. In Germany, government debt rose to 67.4% of GDP from 61.1%.

The disparity in the volume of debt eurozone countries carry has been a problem for the bloc’s economy in the past because the governments that most need to spend during a downturn have been least able to. The EU has responded by launching a €750 billion (\$890 billion) fund that will give governments access to grants and loans from a pool borrowed by the bloc as a whole.

Brazil’s Bolsonaro Rejects China Vaccine, Stirring Political Feud

By SAMANTHA PEARSON AND LUCIANA MAGALHAES

SÃO PAULO—The race to vaccinate more than 200 million Brazilians against Covid-19 has sparked a bitter political battle between President Jair Bolsonaro and São Paulo’s powerful state Gov. João Doria, raising fears among doctors that the hard-hit country will struggle to immunize its most vulnerable citizens.

Mr. Bolsonaro said Wednesday that the federal government won’t buy a vaccine being developed by Sinovac, a private Chinese company, in partnership with São Paulo’s state government, even though researchers into Covid-19 say it could be the first to be approved for use in Brazil.

Mr. Bolsonaro has been a fierce critic of both the Chinese government and of Mr. Doria, a former centrist ally and multimillionaire TV star who is expected to try to wrest the presidency from him in elections in 2022.

“The Brazilian people will not be someone else’s guinea pig!” Mr. Bolsonaro wrote on Twitter Wednesday. His comments came after his own health minister Eduardo Pazuello on Tuesday announced a deal to fund the purchase of 46 million doses of the vaccine, CoronaVac, which Mr. Doria has already secured from Sinovac for Brazil.

Mr. Bolsonaro said he canceled his minister’s agreement, saying that any information to the contrary would be a “betrayal.”

The Health Ministry backtracked quickly. A top ministry official said the minister had been misunderstood and that, “Brazil will not buy the Chinese vaccine,” at least for now. The minister himself was diagnosed on Wednesday with Covid-19, the ministry said.

CoronaVac, which is being developed in partnership with the Butantan Institute, a research center backed by São Paulo’s state government, is expected to be approved and available in Brazil as early as December.

Meanwhile, Mr. Bolsonaro has backed a rival Covid-19 vaccine being developed by the University of Oxford and AstraZeneca PLC, issuing a decree in August to set aside more than \$350 million to purchase 100 million doses. The government said it hoped to start administering that vaccine only in April, after

clinical trials were temporarily put on hold last month when one participant fell ill.

State governors and party leaders across Brazil have called on Mr. Bolsonaro to put politics aside and use federal funds to also buy the Chinese vaccine, CoronaVac, to vaccinate the country’s most vulnerable citizens. Mr. Doria has said that if the federal government doesn’t agree to pay for the CoronaVac vaccine, he intends to use state funds to distribute the 46 million doses under contract to São Paulo state.

Another smaller batch of the vaccine will also likely be shipped to Brazil early next year. In that scenario, he expects to be able to vaccinate everyone in the state by the end of March.

Ever since the outbreak of Covid-19 in Brazil, which has killed around 155,000 people in the country so far, Mr. Bolsonaro and Mr. Doria have clashed over how best to handle the disease. Mr. Bolsonaro, a former army captain and fan of President Trump, has encouraged Brazilians to get back to work, dismissing Covid-19 as nothing more than a “little flu,” and often refusing to wear a mask. Meanwhile, Mr. Doria ordered citizens in São Paulo to stay home, and imposed a \$90 fine for anyone caught without a mask in public.

“There has been a succession of unbelievable errors in Brazil,” said Mr. Doria, criticizing Mr. Bolsonaro for encouraging Brazilians not to wear a mask and diminishing the importance of the disease.

Mr. Bolsonaro, who himself came down with Covid-19 but recovered, has labeled his former ally a traitor.

False claims about China’s role in the pandemic have circulated widely on messaging platforms such as WhatsApp in Brazil during the pandemic.

In one popular message, an unidentified man claims that China has injected particles of the Covid-19 disease into the face masks it is exporting to Brazil.

Mr. Doria has said he plans to make the vaccine obligatory in São Paulo.

But the rumors about China have made residents like Marcia Maria da Silva, a 42-year-old maid, nervous. “How can they make me take the vaccine? Only if they lock me up,” she said. “I don’t trust things made in China.”

WORLD WATCH

AFGHANISTAN

Airstrike on Taliban Kills 12 Children

An Afghan airstrike killed 12 children in a religious school, local officials said Thursday, as government forces responded to a wave of Taliban attacks that have raised questions about Kabul’s ability to secure the country after a U.S. troop drawdown.

The Afghan Ministry of Defense said all the victims of the strike were Taliban militants, but that it would still launch an investigation into the incident.

The airstrike on Wednesday in the northern province of Takhar came in response to two ambushes by the Taliban in the same region a day earlier that killed at least 44 government security forces, according to a provincial security official.

The Afghan air force mistook the religious school for a Taliban hideout, said Mohammad Azam Afzali, a member of the Takhar provincial council.

—Sune Engel Rasmussen

SUDAN

Deal to Recognize Israel Reported Near

Sudanese officials confirmed on Thursday that a senior U.S.-Is-



A boy injured in an airstrike on a religious school in the Afghan province of Takhar receives medical care.

raeli delegation flew to Sudan this week to wrap up a deal that would make Sudan the third Arab country to normalize ties with Israel this year. Such a deal would deepen Sudan’s engagement with the West after President Trump’s conditional agreement this week to remove the North African nation from the list of state sponsors of terrorism. It also would deliver a foreign-policy achievement for Mr. Trump as he seeks re-election on Nov. 3.

—Associated Press

NIGERIA

Protesters’ Deaths Ignored in Speech

Nigerian President Muhammadu Buhari spoke to the nation about the unrest that has gripped the nation in recent days but without mentioning the shootings of peaceful protesters at Lekki toll plaza on Tuesday night that prompted international outrage.

The military opened fire without warning on thousands of

peaceful protesters Tuesday, killing at least 12 people, according to Amnesty International.

The shootings have been widely condemned but Mr. Buhari didn’t speak of them at all during his Thursday address, instead urging calm. Violent unrest erupted Wednesday in Lagos as mobs vandalized and burned police stations, courthouses, TV stations and a hotel. Looting and gunfire continued in Nigeria’s second-largest city on Thursday.

—Associated Press

BUSINESS & FINANCE

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WhatsApp Develops Profit Plan

Messaging platform, owned by Facebook, will offer merchants data-hosting services

By **JEFF HORWITZ**

After years of searching, **Facebook** Inc.'s encrypted messaging platform WhatsApp says it has a plan to make money from the services it provides at no cost to more than two billion users. On Thursday, the messaging service said it will soon give merchants the ability to store, analyze and manage

their WhatsApp communications with customers Facebook's company servers. Currently businesses must arrange to store and handle such data for themselves.

The hosting services will eventually be accompanied by new options for businesses to market their products via WhatsApp catalogs and through Facebook's shops and checkout carts. WhatsApp, which charges businesses for certain types of customer interactions, would profit from the embrace of those tools by merchants.

The focus on facilitating user-initiated purchases and

customer service through messaging stands in contrast to the core Facebook business model of selling targeted ads. WhatsApp didn't provide details of the timeline for the new business services or any financial projections, but Matthew Idema, WhatsApp's chief operating officer, said in an interview that the company believes it could produce meaningful profits for Facebook.

"Hundreds of billions of dollars are spent every year by businesses to support customer service," Mr. Idema said. "The opportunity is big and different from ads."

Facebook bought WhatsApp in a \$22 billion acquisition in 2014 that has yet to pay financial dividends. The social-media giant's plan to monetize WhatsApp through business messages follows an abandoned attempt to force its core advertising business upon the encrypted messaging app, which was built without the data collection and targeting capacities that drive both Facebook and Instagram marketing.

The decision to focus WhatsApp on commercial interactions reflects the way the service is used by most of its users around the world. In

the U.S. and many European countries, WhatsApp is used largely for interpersonal communications. But many users in developing nations—who are the majority of WhatsApp's users—have also adapted the platform to commerce and customer service, and the company has sought to accommodate them.

More than 175 million people message WhatsApp business accounts every day, according to Mr. Idema, who says the medium has advantages for both consumers and businesses when compared with phone calls and emails. *Please turn to page B5*

Uber, Lyft Set Back On Driver Job Rule

By **PREETIKA RANA**

Uber Technologies Inc. and **Lyft** Inc. must comply with an order that requires them to reclassify their drivers as employees, a California appeals court said Thursday, siding with a lower-court ruling from August that threatened to upend the companies' business models.

Uber and Lyft would need to comply with the reclassification within 30 days of a formal ruling, which could take several weeks.

The companies, along with **DoorDash** Inc., **Postmates** Inc. and **Instacart** Inc. have raised more than \$189 million for a ballot initiative on Nov. 3, asking that voters exempt them from such a reclassification. That result would supersede any court rulings.

Proposition 22, as the ballot is called, is the most expensive proposition in California's history.

Thursday's opinion signals that California's judiciary is siding with the state in a high-stakes battle involving the nation's biggest ride-share and food-delivery companies. The state implemented a new law on Jan. 1 aimed at getting the companies to reclassify their drivers as employees, eligible for benefits such as paid sick

Please turn to page B5

Airlines Rack Up Billions In Losses

By **ALISON SIDER**

Summer was a bust for U.S. airlines. Now they are anxiously watching a fragile uptick in demand to see if it will hold as the number of new coronavirus cases increases.

Airlines' losses are mounting as revenue plunged during what is typically their most lucrative season. **Southwest Airlines** Co. lost nearly \$1.2 billion during the third quarter—its biggest quarterly loss ever. **American Airlines Group** Inc. lost \$2.4 billion. **Alaska Air Group** Inc. on Thursday reported losing \$431 million. Rivals **United Airlines Holdings** Inc. and **Delta Air Lines** Inc. also reported massive losses during the third quarter last week.

The pandemic has eviscerated airline profits. *Please turn to page B2*

Copper Prices Climb to Multiyear Highs

By **WILL HORNER** AND **AMRITH RAMKUMAR**

Copper prices have risen to their highest levels in nearly 2½ years, highlighting the strength of China's economic recovery along with investors' anticipation that the transition to electric cars will stoke demand for the industrial metal.

Most actively traded copper futures rose to nearly \$3.20 a pound on the Comex division of the New York Mercantile Exchange Wednesday, hitting their highest level since June 2018 and bringing their rebound in the past six months to around 40%. Prices on the London Metal Exchange, the global benchmark, also have surged. Although they retreated Thursday, their weeks-long rally signals that demand to build everything from smartphones to houses in China is accelerating more quickly than expected.

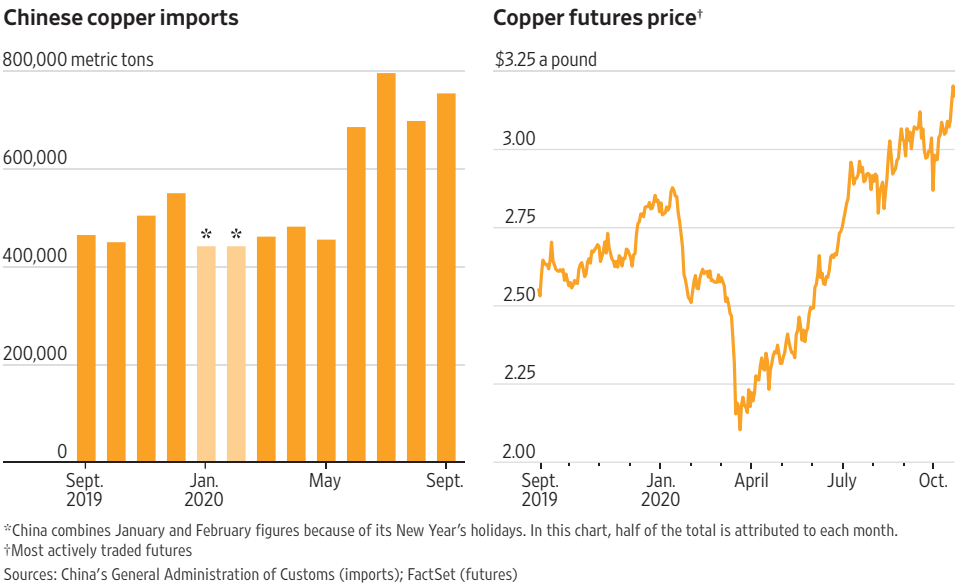
Other industrial metals such as aluminum and nickel also are climbing, lifted by the rebound in China, which is the world's largest copper consumer and accounts for roughly half of global demand. Unlike the U.S. and Europe, China has largely contained the coronavirus in recent months after the pandemic shut down its economy early in the year. That has allowed commerce and travel to resume lately, driving economic growth and fueling demand for copper and other industrial metals.

Because copper is closely tied to the Chinese economy, it is now outpacing other commodities such as oil and even the S&P 500 for the year as investors worry about a slowdown in the U.S. and Europe. Copper's strong performance underscores that China is the only major economy expected to grow this year during the pandemic and could continue to be a rare bright spot for global growth moving forward.

Strong Chinese demand has been a boon for miners such as **Freeport-McMoRan** Inc., the largest copper producer based in the U.S. Shares of the company rose Thursday after it



A copper smelter in Jinhua, China. The country is the world's largest consumer of the metal and accounts for about half of global demand.



posted stronger-than-expected earnings, bringing their advance in the past six months to more than 135%.

Chinese imports of copper have risen sharply in the past four months, and it imported 62% more last month than in

September 2019, according to data from China's General Administration of Customs.

Traders are looking ahead to a meeting of the Chinese Communist Party next week, with some speculating that leaders in the party could present

plans to bolster stockpiles of the metal to drive infrastructure developments in the years ahead.

"Inventories are already critically low across the world," said Daniel Ghali, commodities strategist at TD Securities.

"If China starts building copper stockpiles, that is going to withdraw a significant amount from the market."

Another force driving the gains is anticipation that China and other large economies will need large amounts of copper to increase adoption of electric cars and renewable-energy technologies. Building enough electric cars and charging stations to meet the world's climate goals could drive a major demand increase in the years ahead, analysts say.

"Copper will continue to be at the forefront of the need to expand the electricity grid," said Ole Hansen, head of commodity strategy at Saxo Bank. "If we are all going to be driving around in electric vehicles, we need to be able to charge them everywhere we go."

Some analysts also caution that electric-car adoption remains relatively low and that global copper demand could turn sluggish again if the coronavirus dents activity in much of the world during the winter.

TikTok Sits in Limbo, Waiting for Judge's Ruling on U.S. Ban

WASHINGTON—Plans to turn Chinese-owned TikTok into a U.S. company are in a holding pattern as a federal judge considers blocking Trump administration action that would effectively force a sale of the video-sharing app to U.S. investors, according to people familiar with the matter.

By **John D. McKinnon**, **Georgia Wells** and **Kate Davidson**

TikTok and the U.S. government are still pursuing a deal, but the outcome of the legal case could determine whether TikTok is forced to sell its U.S. operations as a part of that deal and how a

sale would be structured, according to the people familiar with the matter.

TikTok's owner, Beijing-based **ByteDance** Ltd., was racing last month to settle on a way to address U.S. security concerns by giving significant ownership stakes to **Oracle** Corp., **Walmart** Inc. and other U.S. investors, plus giving Oracle control of the app's data.

But the dynamic shifted last month, the people said, after U.S. District Judge Carl Nichols in Washington granted a preliminary injunction against a Commerce Department curb on TikTok downloads and mobile app updates that was set to take

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BUSINESS NEWS
AT&T reports gains in wireless subscribers, but media units drag down results. **B3**

HEARD ON THE STREET
Despite profit streak, Tesla's share price still makes no sense. **B12**

Google Antitrust Case Hands Microsoft's Bing an Opening

By **AARON TILLEY**

The target of the U.S. government's last major tech antitrust campaign could be the biggest beneficiary of its newest lawsuit.

Microsoft Corp.'s Bing search engine is the only major competitor to Google's dominant product, though it has less than 7% of the market. The Justice Department accused the **Alphabet** Inc. unit of using anticompetitive tactics to preserve a monopoly for its flagship search engine and related advertising business in an antitrust lawsuit it filed Tuesday.

The suit represents the biggest enforcement action against a major tech company since Microsoft and the U.S. government went to battle

more than two decades ago. The Justice Department's latest charges echo those it leveled against the software maker in 1998.

After years of litigation, Microsoft avoided a threatened breakup. But the distraction from the case helped rivals capitalize, such as Google becoming the dominant search provider.

This time Microsoft could get the boost. "Anything that limits Google's ability to move freely in the market is a good thing for Microsoft," said Brad Reback, an analyst at Stifel Nicolaus.

A Microsoft spokesman declined to comment on Google's antitrust case.

The Justice Department alleges that Google uses billions of dollars it collects from ad-

vertisements on its platform to pay mobile-phone manufacturers, cellular carriers and browser suppliers, such as Apple Inc. and its Safari, to maintain Google as their preset, default search engine. These payments create a self-reinforcing cycle of dominance, the suit alleges.

Google calls the antitrust case deeply flawed and said its search engine is popular because people choose to use Google, not because they can't find alternatives.

A loss for Google in the case could mean court-ordered changes to how it operates some of its business, potentially creating openings for rivals. *Please turn to page B4*

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Brill, Julie.....R12	Holran, Peter.....A3	S - W
C	Hunter, Andrew.....B11	Sakhnini, Humam.....R8
Cadette, Kevin.....R11	I - J	Sampson, Rodney.....R11
Cepeda, Adela.....R11	Ip, Dennis.....B6	Sanyal, Dev.....R10
Chapus, Jean-Marc.....B10	Johnson, Dewayne.....B6	Scherr, Stephen.....A2
D	K - L	Shultz, Michael.....R6
Donabedian, Dave.....B11	Kapur, Vikram.....R5	Waldron, John.....A2
Dorsey, Jack.....A7	Li, Evan.....B6	Weihaio, Fang.....R5
Dowden, Oliver.....R2	Low, Jho.....A2	Y - Z
Duplaix, Jean-Marc.....B6	M	Yeung, Patricia.....B6
G	Mathenev, Patti.....R6	Zloto, Matt.....B11
Ghali, Daniel.....B1	Michele, Alessandro.....B6	Zuckerberg, Mark.....A7

TikTok in Limbo Over Ban Ruling

Continued from page B1 effect Sept. 27.

The judge will next consider TikTok's request for an injunction that would prevent the U.S. government from barring U.S. companies from providing web-hosting or content delivery services to TikTok starting Nov. 12.

Oral arguments in the case are set for Nov. 4, one day after the presidential election.

A win for TikTok could give it leverage to renegotiate the deal President Trump approved in concept last month involving Oracle and others, while a win for the U.S. government could strengthen its hand in forcing TikTok to either shut down or sell its U.S. operations.

"Right now the posture is to wait," said one of the people familiar with the matter, discussing the government's position.

Details of a deal for TikTok remain under discussions with the Committee on Foreign Investment in the U.S., a national security panel overseen by the Treasury Department.

In response to the commitment,

Oral arguments in the injunction request will come the day after the election.

tee's concerns, TikTok is currently corresponding with the U.S. Defense and Justice Departments about measures to secure data associated with its U.S. users, according to one of the people familiar with the matter.

TikTok isn't challenging the committee's demands for such measures, and the committee has never demanded TikTok be sold to an American company.

But TikTok does contend that the executive order by Mr. Trump to effectively ban the app in the U.S. is an unconstitutional infringement on freedom of speech, according to its court filings. Lawyers for the U.S. government must file their arguments by Friday.

U.S. treatment of TikTok could further be affected by

the outcome of the Nov. 3 presidential election.

The campaign against the video-sharing app has been led by Mr. Trump. His Democratic challenger, former vice president Joe Biden, hasn't made clear his position on the matter.

The Trump administration contends that TikTok, which has an estimated 50 million daily active users in the U.S., poses a security risk because ByteDance could be forced to share data on American users with China's authoritarian government. TikTok has said it would never do so and that the U.S. has failed to make the case that the data would be shared.

Treasury Secretary Steven Mnuchin sounded impatient about wrapping up TikTok deliberations in comments on the Fox Business Network last week, saying the administration negotiated "what we think is a very good deal to turn this into an American company."

Mr. Mnuchin said TikTok and Chinese parent ByteDance now "need to comply with that" under the administration's executive actions.

"We're going to have one of two outcomes: This will either be a safe American company, or it will be shut down," he said.

A federal-court decision would still leave some uncertainties.

ByteDance faces regulatory hurdles in China, where the government ministries in charge of commerce and science and technology have to approve any plan determining the fate of TikTok's operations.

In August, China added data-processing technologies such as content-recommendation algorithms to a list of restricted exports, a move widely seen by observers as a way to wrestle some control over TikTok deal-making.

ByteDance said at the end of September it had submitted to commerce authorities in Beijing its plan to partner with Oracle and Walmart and was awaiting a decision. Local officials have 30 working days to provide an answer on the submission.

Last weekend, China raised stakes further by approving a new law that would allow the country to ban exports in the name of national security. The law, set to go into effect Dec. 1, would give Chinese officials added firepower in a technology contest with the U.S.

—Katy Stech Ferek and Liza Lin contributed to this article

BUSINESS & FINANCE

Barbie's Many Shapes and Sizes Add Up to Big Mattel Sales Gain

By PAUL ZIOBRO

Add Barbie to the list of the pandemic's biggest winners.

Mattel Inc.'s flagship doll posted a 29% sales increase in the third quarter, leading the toy company to 10% revenue growth in the period. It was the largest quarterly increase posted by Barbie going back at least two decades, the company said.

"The brand is more relevant than ever at 62 years old," Mattel Chief Executive Ynon Kreiz said in an interview Thursday.

After years of struggles and rising competition from other dolls, Mattel sought to reinvigorate the Barbie brand by introducing new body sizes, skin tones, hair colors and career paths. Recently, Barbie has also been boosted by hits like a "Color Reveal" product where you dip a doll into water to disclose what kind it is.

The pandemic has helped, too. Parents say they are looking for ways to entertain their children that don't involve a screen and many are gravitating to familiar toys.

"Parents prioritize spending on their kids and look for quality, trusted products," Mr. Kreiz said.

Alyson Johnson said that the pandemic has been hard on her 8-year-old daughter, who isn't able to socialize with her friends like she used to. But her daughter has been doing a lot more imaginative play during the past six months, which Ms. Johnson tried to encourage with purchases like a four-pack of election-themed Barbies, including a candidate and campaign manager.

"This is a really stressful time, especially for my daughter," said Ms. Johnson, who runs a sports marketing and communications firm and lives in Califon, N.J. "I'm trying to find more things to do that allow her to play on that instead of being on screens."

The pandemic didn't start



The dolls benefited from the pandemic as parents sought to cut down on children's screen time.

off well for Mattel. Lockdowns forced tens of thousands of stores that sell Mattel toys globally to close, depriving the company of sales. And parents early on stocked up on what industry executives call "boredom busters" like board games and puzzles to fill the hours indoors as opposed to Barbie dolls and Hot Wheels cars.

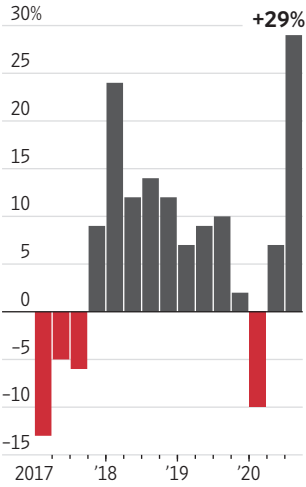
Consumers started to buy more Barbie dolls as the pandemic wore on, but retailers managed their inventories tightly and didn't replenish their stocks quickly.

Now, Mattel is at a point where retailers are filling up their shelves with toys ahead of the holidays while also trying to meet demand from consumers. Mr. Kreiz said that Barbie sales at the retail level were up 50% in the latest quarter, while Mattel's overall retail sales were up at a "strong double digit" rate.

Mattel's other brands did well too. Its vehicles business posted 6% sales growth, led by Fisher-Price and Thomas & Friends products.

For the period ended Sept. 30, Mattel posted earnings of

Barbie sales, change from a year earlier



Source: Mattel Inc.

14%, helped by the "Baby Yoda" plush doll and Uno card game.

One category that continues to struggle is its infant, toddler and preschool division, with sales down 6%, due to declines in Fisher-Price and Thomas & Friends products.

For the period ended Sept. 30, Mattel posted earnings of

\$316 million, or 91 cents a share, on \$1.6 billion in revenue. Analysts polled by FactSet recently expected the company to post earnings of 39 cents a share on \$1.5 billion in sales.

Shares rose nearly 7% in after-hours trading Thursday.

The company is now focusing on the holiday season. Mattel expects its sales and profits to rise in the fourth quarter.

"We see the momentum continuing," Mr. Kreiz said.

Another parent who has splurged during the pandemic is Jean Serra. The Milton, Mass., public-relations executive bought a handful of Barbie products, from a nursery play set to a doll-sized doughnut float, on Amazon.com over the past several months for her 8-year-old daughter. Ms. Serra said her daughter had previously played with Disney princess dolls but began gravitating toward Barbie last year.

She said the pandemic purchases are well worth it to keep her daughter off screens. "I don't blanch at it because the price point is fairly low," she said.



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BUSINESS NEWS

Wireless Offsets Media Losses at AT&T

By DREW FITZGERALD

AT&T Inc.'s big media bets dragged down results in the latest quarter, as closed movie theaters and pay-television customer losses offset the growth at its core wireless and broadband businesses.

The telecom and media giant said Thursday that 8.6 million customers had activated HBO Max, its Netflix-like streaming video service, by the end of September, up from 4.1 million shortly after its May launch. The total still trails rivals Disney+ and Hulu, but AT&T executives said HBO's user base was growing faster than expected.

"The reason we're doing HBO Max is because we want to be where the customers want to be," AT&T Chief Executive John Stankey said during a call with analysts. "It's a tough environment, but we're managing well."

The wireless business, which remains the heart of AT&T's profit engine, added 645,000 postpaid phone subscribers. That is more than double the phone connections gain reported by Verizon Communications Inc. during the same period.

AT&T's pay-TV division continued trending in the other direction, shedding 627,000 video customers. That result was still an improvement over the roughly one million video customers lost in each of the previous two quarters. The unit, which includes DirecTV, has suffered the lion's share of cord-cutting in recent years, prompting the company to explore a sale of the satellite business.

Overall, AT&T's quarterly revenue dropped 5% to \$42.3 billion. The company attributed a roughly \$2.5 billion revenue loss to Covid-19, as theater closures shrank box-

office receipts from Warner Bros. movies and wireless roaming fees dried up.

AT&T and media rivals Walt Disney Co. and Comcast Corp. have started cutting thousands of jobs to offset business lost to the coronavirus pandemic. The virus has sapped the advertising market and delayed the release of major movies.

That market pressure prompted AT&T's WarnerMedia to start a broad corporate shake-up to trim overhead costs and turn the movie-and-film producer into a more unified company. Executives seek to cut the division's expenses by as much as 20%, according to people familiar with the plans.

AT&T's overall quarterly profit fell to about \$2.8 billion, or 39 cents a share, compared with about \$3.7 billion, or 50 cents, a year earlier. The result included about 21 cents of per-share costs tied to the

pandemic.

Stable wireless revenue allowed the company to tweak its full-year cash flow projection despite the pandemic-related costs. AT&T said it expects free cash flow to reach \$26 billion or higher, with its dividend payout ratio in the high 50% range. That rate

The pandemic hurt movie box-office receipts as well as roaming fees.

projection "a healthy and comfortable position."

"We feel good about the dividend and the ability to provide the board the flexibility to continue to pay and manage that dividend," Mr. Stephens said in an interview.

The latest quarter included 151,000 paying wireless subscribers retained under Keep Americans Connected, a program launched as a federal coronavirus forbearance initiative. The company also reported a net gain of 158,000 broadband subscribers, a figure that included 104,000 accounts on a Keep Americans Connected plan.

AT&T shares rose 5.8% to \$28.28 Thursday after news of growth in the wireless unit, its largest in terms of revenue and profit. The stock is off about 28% so far this year.

The Dallas-based company is counting on HBO Max to offset its declining entertainment

assets with new income from a growing direct-to-consumer model. HBO's cable-TV and on-line distribution channels have complicated that pivot.

In the September quarter, the overall number of customers watching HBO in any form rose to 38 million in the U.S. and 57 million world-wide, exceeding the company's target for the year.

Some HBO viewers remain unaware that their subscriptions entitle them to the new content-heavy app, while others are unable to upgrade because of business disputes that have kept the service off Amazon.com Inc. and Roku Inc. devices.

The company said it remains on track to launch an ad-supported HBO Max version next year. WarnerMedia also plans to expand HBO Max into Latin America and western Europe in the months ahead.

Coke Sees Growth In China Even as Global Sales Drop

By JENNIFER MALONEY

Coca-Cola Co. said it expects to see growth this year in China, even as its global sales continue to decline because of the closures of restaurants, bars, movie theaters and sports stadiums elsewhere around the world.

In China, where the coronavirus originated, consumers are "more or less back to where they were" before the pandemic started, though away-from-home sales aren't quite back to where they were, Coke's finance chief, John Murphy, said in an interview.

China, South Korea, Hong Kong, Singapore, Australia and New Zealand "are all in a

bucket that have demonstrated that taking a very disciplined set of measures and applying them consistently has allowed them to emerge faster," he said.

In the U.S., which has the highest number of confirmed coronavirus infections and deaths in the world, people are "pushing the boundaries a bit more in terms of trying to live a more normal life," Mr. Murphy said.

The company reported improved sales at U.S. convenience stores and quick-service restaurants in the third quarter. "The consumer, I think, has been trying to adapt to a new normal," Mr. Murphy said.

Coca-Cola reported revenue



Coca-Cola said that it plans to cut its 430 'master brands' by about half, to 200.

of \$8.65 billion for the quarter, a decline of 9% from a year earlier but an improvement over the second quarter, when its revenue fell 28%.

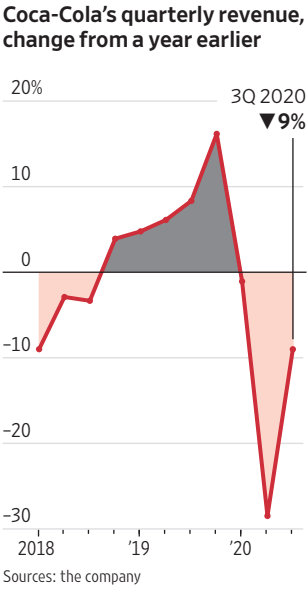
The company has said it thinks the biggest challenges of the pandemic are behind it. About half of Coca-Cola's business comes from away-from-

home venues that were largely closed around the world during the second quarter.

"It's important to remember the world is in a fragile state," Coke Chief Executive James Quincey said on a call with analysts Thursday, noting the new restrictions recently announced in several countries.

More lockdowns could come as winter approaches in the Northern Hemisphere, he said. "We are prepared for setbacks."

Coca-Cola said that it plans to cut its 430 "master brands" by about half, to 200, accelerating a culling effort in response to the coronavirus pan-



Pandemic Buying Patterns Drive Unilever's Strong Sales

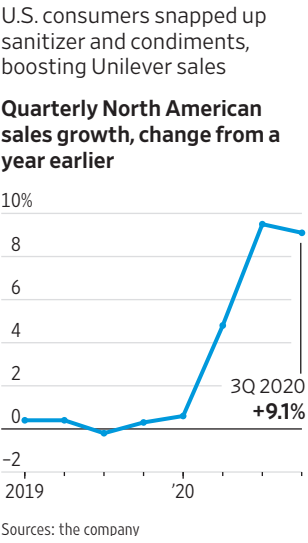
By SAABIRA CHAUDHURI

LONDON—Unilever PLC said American shoppers are still stocking up on its hand sanitizer and condiments such as Hellmann's mayonnaise, as they weather the ebb and flow of the coronavirus pandemic by washing their hands, staying home more and cooking for themselves.

Emerging markets are also bouncing back, led by Brazil, where government subsidies have energized consumer spending. Both trends delivered strong sales growth at Unilever, the maker of Ben & Jerry's ice cream and Dove soap.



The company's stable of products includes Ben & Jerry's ice cream, Hellmann's mayonnaise and Dove soap.



funneling generous cash payments to millions of poor to help them ride out the economic storm.

"We saw quite a bounce back in Brazil," Mr. Pitkethly said. In Argentina, another big market, Unilever was able to raise prices and boost revenue.

Unilever differs from its big global peers, such as Procter & Gamble Co. and Reckitt Benckiser Group PLC, because its emerging-market footprint is substantially larger than its presence in developed markets, often making for volatile results in individual countries. Investors have been focused on whether Brazil, India and

other hard-hit emerging economies would recover in the third quarter.

Many did, but all for different reasons.

Emerging-market underlying sales jumped 5.3% in the quarter, year over year, while developed-market sales were up 3.1%. In the previous quarter, sales in the emerging world declined, hitting their lowest level on record.

Mr. Pitkethly said the situation in India, where strict lockdowns had disrupted its supply chain, had improved as those strictures eased. Production is back to full capacity.

Growth in China accelerated by double digits, as restaurants and cafes reopened, boosting Unilever's "out of home" sales. Demand also picked up for beauty and personal-care products as economic activity picked up.

Overall, the company reported third-quarter underlying sales growth of 4.4%. That is up from 2.9% a year earlier and well above analyst estimates for 1.3% growth.

Sales were hurt by big currency fluctuations, though. Total reported sales fell to €12.93 billion, equivalent to \$15.32 billion, compared with €13.25 billion a year earlier.

Unilever shares on Thursday inched up 0.1% to €51.52 in Amsterdam trading.

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TECHNOLOGY

WSJ.com/Tech

Intel Revenue Falls As Work-at-Home Sales Bump Fades

By ASA FITCH

Chip giant Intel Corp. may be seeing an end to the work-from-home boost it enjoyed during the pandemic, with earnings hit by consumers gravitating to cheaper laptops and data-center sales softening.

The company on Thursday said revenue dropped 4% to \$18.3 billion after it enjoyed strong sales in the first half of the year. The company's bottom line also suffered, with earnings per share falling to \$1.02 in the period from \$1.35 a year earlier and falling short of Wall Street's expectation.

Intel's shares fell more than 10% in after-hours trading.

The company's growth has been principally in areas where prices are lower, denting profitability, Intel Chief Financial Officer George Davis said. "We saw much stronger PC demand in the consumer and education side, which tends to be the more entry-level for PC notebooks," he said.

For many tech companies, the pandemic has been a boon as customers invested in equipment and software to enable remote work and schooling. PC shipments in the U.S. were the highest in a decade in the third quarter. Cloud computing providers such as Amazon.com Inc. and Microsoft Corp. have also seen strong demand as companies embrace tools to facilitate distributed working.

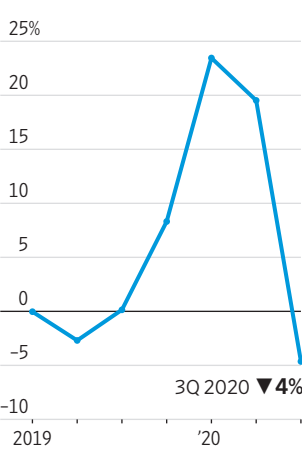
Intel's Mr. Davis said its cloud business had performed well. But, he said, demand among other kinds of customers that operate data centers—companies and governments—fell off dramatically after a spike in the first half.

That spurred a 7% drop in Intel's data-center revenue to \$5.9 billion, the company said, falling short of what analysts surveyed by FactSet forecast. Revenue for the personal-computer-focused business rose 1% to \$9.8 billion. The company's memory division, most of which it agreed this week to sell to South Korea's SK Hynix Inc. for \$9 billion, also reported lower sales.

Although the results missed Wall Street's bottom-line forecast of per-share earnings of \$1.04, they beat the top-line projection. Analysts projected sales of around \$18.24 billion.

Despite the mixed results, the company raised its full-year

Intel's quarterly revenue, change from previous year



Sources: S&P Capital IQ; the company

guidance, predicting its top line would increase 5% this year and reach \$75.3 billion, a record. Intel now projects \$4.55 in earnings per share for the year. It previously forecast \$75 billion in sales and \$4.53 in earnings per share.

"We're forecasting growth and another record year, even as we manage through massive demand shifts and economic uncertainty," Chief Executive Bob Swan said in a statement.

The changing demand picture represents another challenge for a company already navigating an intensifying competitive landscape and in-house chip production problems.

The company is facing stiff competition from Advanced Micro Devices Inc., which is chipping away at Intel's historically dominant market share in central processing units for PCs and servers. AMD's share of PC CPUs rose to near 20% in the second quarter, according to Mercury Research. And AMD is in talks to buy chip maker Xilinx Inc. to become an even-more formidable rival to Intel.

Nvidia Corp., a chip maker that specializes in graphics processors, surpassed Intel this year as the largest American semiconductor maker by market valuation. It has been broadening its focus by catering to fast-growing artificial intelligence computation and is seeking to buy mobile-phone chip design giant Arm Holdings in a \$40 billion deal.

Intel also faces manufacturing issues that have bedeviled its performance. The company has fallen a year behind the initial schedule for its 7-nanometer superfast chips.

Google Foes Widen Claims

Rivals want scope of U.S. action to include ad tech, claims of siphoning traffic

By RYAN TRACY AND JOHN D. MCKINNON

WASHINGTON—The Justice Department's lawsuit against Alphabet Inc.'s Google is the government's biggest challenge to U.S. technology companies in a generation. For many of the company's longtime adversaries, it isn't big enough.

The antitrust action filed in federal court this week takes aim at Google's online search and search advertising businesses, with less attention paid to targeted search products, advertising technology and other businesses that have long been the source of complaints in Washington.

Now those critics are pinning their hopes on additional enforcement actions to broaden the government's claims against Google, as state attorneys general and the Justice Department continue probing the tech giant.

Whether, and how much, that scope expands will go a long way toward determining the impact of government scrutiny on the many markets where Google operates.

Tripadvisor Inc., which has criticized Google for siphoning off web traffic from other sites that offer travel services, called the federal lawsuit a "frame-work for meaningful action" and pointed to a concurrent announcement that state-level probes are continuing as further evidence authorities are seeking to end Google's "anti-competitive tactics."

Other claims of Google misconduct also weren't a focus, such as arguments by news publishers over Google's dominance in the market for displaying ads on non-Google websites, which also wasn't a central part of Tuesday's lawsuit.

"I'm glad that the Department of Justice has made the start, but they have started with a very limited issue and, in and of itself, it certainly won't be enough," said David Chavern, chief of the News Media Alliance trade group, whose members include News Corp, owner of The Wall Street Journal.

Justice Department attorneys have left open the possibility of adding more claims, and investigators for both the federal and state governments have asked questions of participants in markets not covered in



News-publishing trade group chief David Chavern said the current suit 'certainly won't be enough.'

State Coalitions Plan Further Suits

Two groups of state attorneys general have been considering lawsuits against Google, one over its search practices and the other over its dominant position in online advertising.

If the states decide to move forward, a possible lawsuit would likely address more issues than the antitrust case filed by the Justice Department this week, according to people familiar with the matter.

"Ours, I believe, will be a little bit broader," one of the people said.

The states involved in the

search coalition include Arizona, Colorado, Iowa, Nebraska, New York, North Carolina, Tennessee and Utah.

The other state coalition, led by Texas Attorney General Ken Paxton, is investigating Google's ad-tech dominance and is likely to file suit within weeks. Its case likely would address at least some of the concerns raised by publishers as well as other businesses, according to a person familiar with the matter.

Some or all of the state cases could be consolidated with the Justice Department action in federal court in Washington. Members of the state coalition, including Colorado and New York, released a joint statement on Tuesday saying

that they planned to conclude parts of their investigation in the coming weeks and that if a state lawsuit is filed, they would seek to join it with the federal action.

"We anticipate we will be working with them going forward in the litigation phase," one person familiar with the state investigations said.

Google's chief legal officer, Kent Walker, said the federal lawsuit's consequences would be bad for consumers.

If successful, he said, it "would artificially prop up lower-quality search alternatives, raise phone prices, and make it harder for people to get the search services they want to use."

detail in the lawsuit.

Those questions have included Google's dominance in the machinery for delivering online ads, according to people familiar with the matter and a list of questions disclosed by the Texas attorney general's office.

Jonathan Kanter, an antitrust lawyer who represents a number of companies with antitrust concerns about Google, said his clients expect further action will be forthcoming. "Everyone is viewing this as a symphony, not a solo," he said.

The lion's share of the federal lawsuit focuses on Google's alleged foreclosure of competition to its general search engine, including a web of deals with Apple Inc. and others that make Google the default search on many devices. A case focused on those

issues could help companies with competing search engines, such as DuckDuckGo and Microsoft Corp.'s Bing.

Google called the Justice Department's lawsuit "deeply flawed," saying its search engine faces stiff competition. "People use Google because they choose to, not because they're forced to, or because they can't find alternatives," wrote Kent Walker, Google's chief legal officer, in a blog.

Alex Okuliar, deputy assistant attorney general in the Justice Department's antitrust division, told reporters Tuesday that additional relief measures might be sought beyond simply stopping Google's allegedly exclusionary conduct.

Mr. Kanter, the lawyer for Google opponents, noted that a section describing the harms of

Google's conduct was worded broadly. The language—"Google's monopoly in general search services also has given the company extraordinary power as the gateway to the internet, which it uses to promote its own web content"—echoed concerns from Yelp Inc., Tripadvisor and others.

At another point, the Justice Department quoted Google's chief economist describing search-result ads and other forms of online ads as "complementary tools, not competing ones."

That piece of evidence could help prosecutors support a separate antitrust claim targeting Google's broader advertising businesses because such a case may involve drawing a distinction between different online advertising markets.

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An online datasite for the Sale (the "Datasite") is available at www.gsaportfoliouccforeclosure.com, which will include certain relevant information that Secured Party possesses concerning the HPI/GSA Borrowers, the Mezzanine Loan, the Mortgage Loan, the Mortgage Borrowers and the Properties (collectively, the "Disclosed Materials") as well as the Terms of Sale. Access to such information will be conditioned upon execution of a confidentiality agreement which can be found on the Datasite. To participate in the auction, prospective bidders must confirm their ability to satisfy the Requirements in the manner described in the Terms of Sale, and following such confirmation, such qualified participants will be provided a URL and password enabling access to the video conference for the Sale. No information provided, whether in the Datasite or otherwise, shall constitute a representation or warranty of any kind with respect to such information, the Collateral or the Sale. Participants are encouraged to review all Disclosed Materials and perform such due diligence as they deem necessary in advance of the Sale.

Secured Party reserves the right to credit bid, set a minimum reserve price, reject all bids and terminate or adjourn the sale to another time, without further notice other than notice posted in the Datasite. All bids (other than credit bids of Secured Party) must be for cash with no financing conditions and the successful bidder must deliver immediately available good funds (1) for the Required Deposit (as defined in the Terms of Sale) at least two (2) New York business days prior to the date of the Sale, and (2) for the balance of the purchase price for the Collateral on the closing date prescribed by the Terms of Sale. The winning bidder must pay all transfer taxes, stamp duties and similar taxes incurred in connection with the purchase of the Collateral.

Questions may be directed to Brett Rosenberg at +1 212-812-5926 or brett.rosenberg@jam.jll.com.

Microsoft's Bing Sees Opening

Continued from page B1

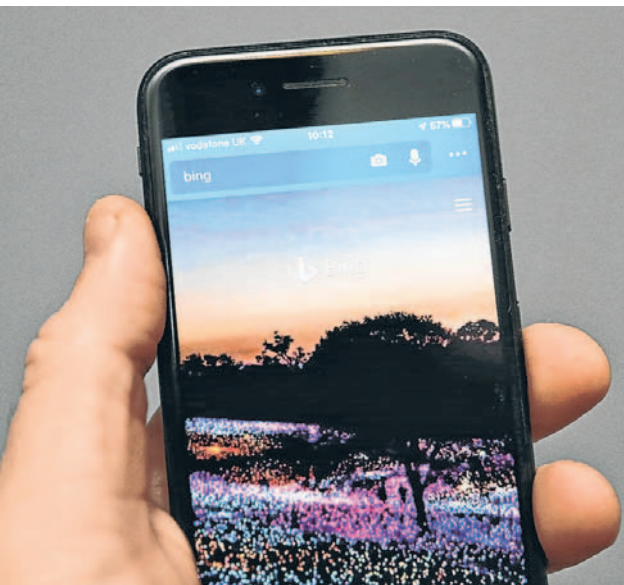
vals. Microsoft would be the most natural company to gain. Microsoft's Bing search engine is the second-largest competitor in the field—though by a huge distance. Bing had a 6.7% market share in the U.S. in September, compared with Google's 88.1%, according to Statcounter, while Yahoo was at 3.29% and DuckDuckGo at 1.7%. Bing's market share has barely changed over the past decade.

Despite its laggard status, Bing is a sizable business. Microsoft reported \$7.7 billion in search-ad sales in its last financial year, principally linked to Bing—more revenue than its device sales and a bit behind its LinkedIn social media unit.

The Bing figure, though, was little changed from the prior year. And while the software company's computer gaming and cloud-storage businesses have benefited during the pandemic as people spend more time at home, its search business has been dented as advertisers pulling back on spending.

Under former Chief Executive Steve Ballmer, Microsoft and Google were fierce rivals in search. But that battle ended. Microsoft's current CEO, Satya Nadella, and Google's Sundar Pichai brokered a truce four years ago, withdrawing their regulatory complaints world-wide against one another.

Since then the companies have found areas of cooperation even as they compete in other markets such as cloud computing and business soft-



ANDREW MATTHEWS/PA WIRE/ZUMA PRESS

The engine is a distant second to Google, with 7% of the market.

ware. Microsoft last year relaunched its effort to design and sell its own line of smartphones, this time using Google's Android software instead of its own mobile operating system.

Former Google CEO Eric Schmidt said at The Wall Street Journal's Tech Live conference on Wednesday that the company he once ran had to contend with ruthless competition in search, particularly from Microsoft. Through Wednesday, Microsoft is America's second most valuable company after Apple, with a market capitalization of \$1.62 trillion, while Alphabet is fourth, at \$1.08 trillion.

Under Mr. Nadella, Bing has taken less prominence within Microsoft to other ventures, notably its cloud-computing division and its videogaming business. But Microsoft hasn't given up on search. The company struck a deal last year for Bing's ad software to be used on the Yahoo search engine, owned by Verizon Communications Inc. Yahoo search itself also is powered by Bing.

Microsoft last year also announced an upgrade of Bing in conjunction with the company's launch of its Edge browser. The search features, the company said, were aimed in part at making people more productive by helping them find office locations, people and other corporate information.

Google's regulatory troubles have already benefited Microsoft to a limited extent. In Europe, Google since March has been showing people who set up new mobile devices running the company's Android operating system what it calls a "choice screen," a list of rival search engines that they can select as the device's default.

The system is part of Google's compliance with a 2018 European Union decision that found the company used Android's dominance to strong-arm phone makers into pre-installing its search engine.

Microsoft's Bing has benefited from auctions that are held to determine which search apps appear on the choice screen—which offer three spots in each of 31 coun-

tries to outside search engines.

With another shot at search, Microsoft could try to differentiate Bing from Google by providing a more privacy-focused version of search, said former Google executive James Whittaker, who also worked on Bing under Mr. Ballmer.

"Google's weaknesses are privacy and users' hatred of ads," Mr. Whittaker said. "Those are the places Bing needs to focus on if it is going to make another run at being a real competitor."

The distractions of an antitrust case that is expected to take years also could serve to keep Google from further encroachment on Microsoft's core businesses: the cloud and corporate applications. "Antitrust cases are extraordinarily complex and consume tremendous amounts of senior management attention," Mr. Reback said.

Microsoft hasn't shied away from regulatory battles that some of its other rivals potentially face. Microsoft relies on app stores for some of its videogame business and is among several to complain about how Apple runs its app store, describing the practices as monopolistic and harmful to customers.

Microsoft also hasn't escaped the increased regulatory scrutiny facing tech giants. Workplace collaboration software provider Slack Technologies Inc. this year filed an antitrust lawsuit against Microsoft in the EU, accusing its rival of trying to kill competition. Microsoft said it was committed to providing customer choice.

To what extent Microsoft can revive its search ambitions is uncertain. "Even if you removed Google off every phone and device that shipped, most people would still go back to Google," Jefferies analyst Brent Thill said. "I think it's game, set, match in search."

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828-260-4698

TECHNOLOGY

WhatsApp Develops Profit Plan

Continued from page B1
If WhatsApp can render itself as an indispensable channel for sales, it would be in a position to charge minuscule sums—perhaps fractions of a penny—to businesses every time they interact with customers on its platform.
Given WhatsApp’s scale, such small fees could rapidly add up.
WhatsApp has long cultivated a reputation for stridently protecting its users’ privacy. Pursuing these new e-commerce relationships will require WhatsApp to make some carve-outs for shopping-related activities.

Messaging platform will offer merchants data-hosting services.

WhatsApp users’ communications with businesses will still be fully encrypted, but planned integrations with Facebook’s other platforms mean some details of a WhatsApp user’s shopping habits will likely be shared with Facebook’s other platforms, feeding the parent company’s overall behavioral data-collection operation.
Storing any data about the substance of a user’s activities would be new for WhatsApp. The company has long maintained that the best way to protect users’ data from hacks, subpoenas and other snooping was to store as little of it as possible.
Rishi Jaluria, an analyst for D.A. Davidson & Co, said WhatsApp’s plan to make money is plausible and in line with features that are already being rolled out with Facebook’s Messenger product. WhatsApp’s attempts to make

money from businesses’ communications with consumers have so far failed to add up to much, he said, because they have focused on basic customer service, such as the distribution of electronic airline tickets via the app.
“It sounds like this might take it further into the marketing side,” he said. “The strategy makes sense as long as they toe the line on privacy.”
WhatsApp will have to rethink how commerce-related communications fit with its stance on privacy and encryption.
The platform will notify users that such communications are being stored by businesses—possibly on Facebook-owned servers—Mr. Idema said. And the shopping-related features of the app will be visibly differentiated from user-to-user messaging.
Mr. Idema, who joined WhatsApp from Facebook in 2017, said neither WhatsApp nor Facebook will be using the messaging data hosted by Facebook for its own purposes. Updates to WhatsApp’s terms of service will make that commitment formal.
“The hosting service is meant to host at the instruction of the business, and that’s it,” he said.
The success of enterprise software companies like Twilio—which has built a \$45 billion market value out of automation services for the handling of emails, phone calls and messages—provides a template for how such a business could produce meaningful revenue for a company of Facebook’s vast size, Mr. Idema said.
Rather than competing with such enterprise software companies, WhatsApp would charge Twilio’s customers for access to WhatsApp’s users.
The updates now promised by WhatsApp will “make it possible to bring many more Twilio customers onto the WhatsApp Business API in a matter of minutes,” said Simon Khalaf, San Francisco-based Twilio’s general manager of messaging.
—Aaron Tilley contributed to this article.

BUSINESS WATCH



The name of the Denver arena known as the Pepsi Center will be changed to the Ball Center under the partnership between Ball and Kroenke.

MCAFFEE
Shares Move Lower In Return to Markets

Shares of security software company **McAfee Corp.** fell on their first day back on the public markets.
The stock closed at \$18.70, down 6.5% from its initial public offering price. McAfee late Wednesday saw 37 million shares priced at \$20 each, valuing the company at \$8.6 billion, based on the expected number of shares outstanding after the offering. The company will remain controlled by private-equity firms TPG and Thoma Bravo and Intel Corp.
McAfee, which originally went public in 1999, was named after

software pioneer John McAfee, who sold his stake.
—Dave Sebastian

KIMBERLY-CLARK
Profit Declines Despite Demand

Kimberly-Clark Corp. reported a weaker third-quarter profit but said demand picked up as shoppers sought out its various consumer products to use during the Covid-19 pandemic.
The company behind Huggies diapers, Cottonelle toilet paper and Kleenex reported net income of \$472 million, or \$1.38 a share, down from \$671 million, or \$1.94 a share, for the year-earlier period.
Kimberly-Clark blamed the

lower profit on higher costs—related to the pandemic and marketing—and a gain in the year-earlier quarter from the sale of a factory.
—Micah Maidenber

BALL CORP.
Partnership Is Set With Kroenke Sports

Ball Corp. agreed to a partnership with **Kroenke Sports & Entertainment** that includes the naming rights to a Denver sports arena and environmental initiatives for food service at Kroenke venues.
Ball will get naming rights to the venue now known as the Pepsi Center. The site’s name will change to Ball Arena. The venue,

which opened in 1999, is home to the NBA’s Denver Nuggets and the NHL’s Colorado Avalanche.
—Matt Grossman

NORTHROP GRUMMAN
Aeronautics Unit Grows Sharply

Northrop Grumman Corp. posted a larger profit in the latest three-month period, led by growth in the company’s aeronautics division.
The Falls Church, Va., aerospace-and-defense company recorded a third-quarter profit of \$986 million, or \$5.89 a share, compared with \$933 million, or \$5.49 a share, a year earlier.
—Matt Grossman

Uber, Lyft Set Back on Driver Rule

Continued from page B1
days and health insurance. Those benefits would weigh the companies’ bottom line at a time they are already struggling to turn a profit.
The companies have argued that their workers are correctly classified as independent contractors even as they have raised record money asking that voters exempt them from

it.
The law itself, known as AB5, doesn’t restrict flexible work. But each company has aggressively campaigned on that point, saying the reclassification would force drivers to work prescheduled shifts. In recent weeks, for example, Uber has sent in-app notifications to drivers saying it would only be able to hire three out of 10 as employees. It has separately told riders their prices would rise between 20% and 100%.
“These are not made up estimates,” Uber Chief Executive said Dara Khosrowshahi at a Wall Street Journal conference on Tuesday.
In a 70-page opinion, the appellate court said some of the

arguments “sound very much like defendants are saying that they are ‘too big to be enjoined.’”
“Defendants’ detailed showing of their hundreds of thousands of drivers statewide, the size and scale of their respective operations, and the ripple effects on various third parties that they insist will flow from the trial court’s injunction” ended up arguing against them, the appeals court said Thursday, “by confirming the extent of the harm being inflicted by virtue of their undisputed failure to provide the benefits of employment to many thousands of ride-share drivers across the state.”
“Today’s ruling means that

if the voters don’t say yes on Proposition 22, ride-share drivers will be prevented from continuing to work as independent contractors, putting hundreds of thousands of Californians out of work and likely shutting down ride sharing throughout much of the state,” an Uber spokesman said. A Lyft spokeswoman added: “This ruling makes it more urgent than ever for voters to stand with drivers and vote yes on Prop. 22.”
If Prop 22 succeeds, the firms say they will guarantee new protections to workers such as giving drivers 30 cents a mile to account for gas and other vehicle costs and health subsidies for drivers who work 15 hours or more a week.

BARRON'S

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BUSINESS NEWS

Court Rejects Bayer Appeal

BY JACOB BUNGE
 AND SARA RANDAZZO

The California Supreme Court declined to hear an appeal by **Bayer** AG seeking to reverse a jury verdict that the company's Roundup herbicide caused a groundskeeper's cancer, leaving the company with few remaining options to avoid paying a \$20.4 million judgment.

The German drug and agriculture conglomerate had challenged a 2018 verdict in California state court that found the company's Roundup products posed a danger to users like plaintiff Dewayne "Lee" Johnson, and that the company failed to warn consumers of potential health risks. It was the first of three jury decisions in favor of Roundup-using plaintiffs, helping build a wave of lawsuits and eventually leading Bayer to strike a \$10.9 billion settlement deal with tens of thousands of plaintiffs in July.

Bayer didn't admit to any wrongdoing as part of the July settlement and will continue to sell Roundup. The herbicide is the world's most widely used, sprayed on residential gardens and on tens of millions of acres of crops genetically engineered to withstand it.

Bayer acquired Monsanto, Roundup's maker, in a \$63 billion deal that closed weeks before the jury ruled in favor of Mr. Johnson, a former school groundskeeper. The company has maintained that Roundup is safe, citing regulatory reviews by the U.S. Environmental Protection Agency and other authorities.

The company has said it would continue to challenge the three jury verdicts as it implements the broader settlement. On Friday, a federal appeals court will hear arguments in Bayer's challenge to a jury verdict in favor of Edwin Hardeman, a Northern California resident who claimed his yearslong Roundup use led to his non-Hodgkin lymphoma.

"The time has come for Monsanto to end its baseless appeals and pay Mr. Johnson the money it owes him," said a spokesman for the Miller Firm, which represented Mr. Johnson in the case.

A Bayer spokesman said the company was disappointed the California court didn't take up the appeal and was considering its legal options.

The company could try to appeal the case to the U.S. Supreme Court, but only if a question of federal law is at stake.

Carbon Pledge Lifts Chinese Firms

BY CHONG KOH PING

Chinese renewable-energy stocks have soared recently as investors believe the country's drive to become carbon neutral will fuel heavy investment in wind farms and solar parks.

Big moves in Chinese shares are often tied to government plans, and this is the latest example, as investors try to anticipate winners from whatever policies are included in the nation's next five-year plan.

In the one month to Oct. 22, New York-listed Daqo New Energy Corp. jumped 60%, while Hong Kong-listed **Xinyi Solar Holdings** Ltd. and **Xinjiang Goldwind Science & Technology** Co., have advanced 17% and 31.5%, respectively. Daqo New Energy makes polysilicon, a raw ingredient for solar panels, while Xinyi Solar makes solar glass. Xinjiang Goldwind is China's biggest wind-turbine maker.

A Wind index of 40 renewable and clean-energy companies whose shares trade in Shanghai or Shenzhen has gained nearly 5% over the past month, compared with a 2.2% increase in the broader CSI 300 index.

Last month, President Xi Jinping told the United Nations that China's carbon emissions will peak in 10 years and it will strive for carbon neutrality by 2060. Going carbon neutral means China's emissions of this greenhouse gas will be equal to zero, once offsetting measures like planting trees are taken into account. Achieving that will require slashing emissions by using cleaner energy sources and carbon-capture technologies.

That pledge has fueled hopes that green energy will be favored in the next five-year plan. Leaders of the ruling Communist Party are meeting later this month to flesh out the details of this medium-term economic blueprint, which will cover 2021 to 2025.

"The speech sent a very



A wind turbine is installed at an offshore wind farm in China. Big moves in Chinese shares are often tied to government plans.

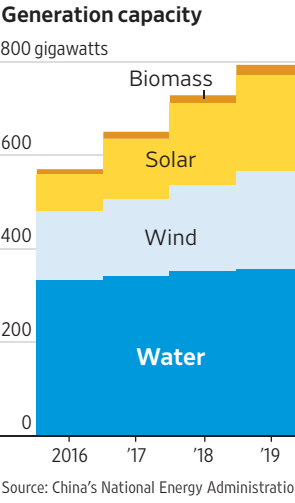
strong message and renewable energy companies are the major beneficiaries," said DBS Group research analyst Patricia Yeung. "But we have no clue how they're going to do it. This is a major uncertainty."

In addition, Ms. Yeung said solar stocks were already trading at very rich levels, with share prices for companies such as Xinyi Solar already at more than 20 times forecast earnings.

The long-term goals are audacious for a country that is the world's biggest emitter of carbon dioxide. Citigroup analysts estimate China would need to use more than 12 times more solar power—and more than seven times more wind energy—by 2060 to go carbon-neutral, requiring \$6.2 trillion of investment over 40 years.

The analysts dub this a golden opportunity for clean energy and say electricity generated from coal—China's dominant fuel source—will need to shrink by nearly three-quarters.

China increased its ability to generate green power by nearly 40% from 2016 to 2019.



Still, Evan Li, HSBC's head of Asia utilities and conglomerates research, said the market might have gotten ahead of itself in pricing in the likely financial benefits.

Mr. Li said investors had been cheered by reports of aggressive government targets,

which could potentially require increasing national wind and solar capacity by 100 gigawatts annually for the next five years. But he said the market could get a reality check as soon as November, when details are likely to emerge.

"The 2030 and 2060 goals will support growth in wind and solar energy," said Mr. Li, referring to the target dates for peak emissions and carbon-neutrality. "But the significant and immediate change in the next two to three years remains in question and will depend on the development of grid infrastructure."

While China has the resources to aggressively expand alternative power-generation capacity, he said, it faces a series of near-term challenges. These include connecting wind and solar firms to the grid and minimizing waste, storing power and transmitting it from distant regions where most alternative energy is generated to China's power-hungry industrial and urban hubs.

Adding 100 gigawatts a year of new green energy would represent a step up.

Last year China added 26 gigawatts of wind and 30 gigawatts of solar, taking respective generation capacity to 210 gigawatts and 204 gigawatts, according to National Energy Administration data.

Hundreds of wind-energy companies recently proposed at a Beijing conference that China should add more than 50 gigawatts annually in wind power through 2025.

Dennis Ip, an analyst with Daiwa Capital Markets in Hong Kong, said the solar sector had a comparative edge, since its costs had fallen faster than those in wind—and wind farms took longer to build.

He said there was also likely to be another round of mergers between makers of solar components and only the leaders in each subsegment are expected to survive. That would benefit investors by reducing competition and making those market niches less volatile, he said.

Gucci Sales Drop as Virus Keeps Tourists Home

BY MATTHEW DALTON

PARIS—**Gucci Ltd.** reported a 12% drop in third-quarter sales as the Italian fashion house was hit by the absence of tourist shoppers from Asia during the pandemic.

The results released Thursday show the brand lagging behind other big luxury labels in the market upheaval sowed by the coronavirus.

Hermès, the French brand known for its stratospherically priced handbags, said Thursday that revenue rose 4.2% in the quarter, fueled by strong growth in Asia.

Louis Vuitton and Dior drove a 12% sales jump in the fashion and leather-goods division of **LVMH Moët Hennessy Louis Vuitton SE**.

Gucci is struggling because it has come to depend on what was, until the pandemic, a highly profitable strategy: selling to well-heeled shoppers, particularly the Chinese, when they travel abroad.

With international travel largely locked down, brands have been forced to encourage shoppers from China and elsewhere to buy where they live.

Gucci is particularly dependent on Chinese clientele shop-

ping in European fashion capitals such as Paris, Milan and London. It also has a large business at duty-free stores in airports. Now, it is scrambling to refocus its marketing efforts for a postpandemic world in which international tourism could take years to recover.

Gucci's sales in Europe were down 47%, a much steeper decline than Hermès, Louis Vuitton and Dior. Overall revenue was €2.1 billion, equivalent to \$2.5 billion, for the quarter.

"We have some work to do compared to peers to re-engage with local clientele in Europe and elsewhere," said

Jean-Marc Duplaix, chief financial officer of Gucci parent **Kering SA**.

Gucci is also tweaking its image, toning down the flamboyance that creative director Alessandro Michele brought to the brand since his arrival in 2015. That helped revenue more than double, driven by sales to a younger clientele. But now Gucci hopes to gain ground with older shoppers who might not like some of Mr. Michele's more eclectic stylings, which have mixed Renaissance-era silhouettes with streetwear and the logos of professional sports teams.

"We have not, yet, this level of maturity with certain clientele," Mr. Duplaix said.

In a bright spot for Gucci, sales were booming in the U.S., driving revenue in North America up 44% for the quarter. A strong stock market and the repatriation of tourist spending from overseas boosted the market, Mr. Duplaix said. Kering's other brands delivered strong quarters, reversing a four-year period when robust growth at Gucci buoyed Kering.

◆ **Heard on the Street: Others hope to copy Hermès B12**



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UPS Offers a Rainy-Day Saving Plan

BY ANNE TERGESEN

United Parcel Service unveiled a plan to offer nearly 100,000 of its workers a way to save for emergencies within its 401(k) plan, becoming one of the largest U.S. employers to join a trend that reflects concern over the impact of workers' financial problems on their ability to retire.

The program gives UPS employees the option to divert a portion of their paychecks into rainy-day funds within their 401(k) plans.

In recent years, more employers have grown concerned that if employees are unable to cover unexpected expenses, they may resort to raiding their retirement savings early, said Timothy Flacke, executive director of Commonwealth, a nonprofit that builds tools to help low-income workers save.

With financial support from **BlackRock** Inc.'s foundation, Commonwealth and other nonprofits are working with companies including UPS, **Etsy** Inc. and **MasterCard** Inc. to develop emergency savings initiatives.

Amid the economic crisis caused by the coronavirus, Mr. Flacke said the 401(k) industry "is beginning to embrace short-term savings as part of their mandate."

Some companies, including **Truist Financial** Corp., are taking another approach to



UPS is allowing its 90,000 nonunionized U.S. workers to contribute such funds to a 401(k) account.

emergency savings, outside the 401(k), by encouraging employees to fund bank accounts, in some cases by offering cash and other incentives.

Under the program UPS unveiled in early October, it is allowing its 90,000 nonunionized U.S. workers to contribute to a 401(k) account and, using after-tax payroll deductions, to a linked emergency-savings option within the account. (The company employs more than 500,000 in total.)

Eligible employees can elect to contribute as much as 5% of pay to the emergency account. Employees can invest the

money in the same options the 401(k) offers.

Although UPS offers matching contributions to some of its employees, it doesn't offer a match for money put into the after-tax emergency fund.

When an employee taps the emergency account, the contributions come out tax-free. Earnings on after-tax contributions are subject to income tax and, if the employee is younger than 59½, a 10% penalty.

Employees can avoid the 10% penalty by rolling over the earnings to an IRA, said

Tom Armstrong, vice president at Voya Financial, UPS's 401(k) record-keeper.

Voya data indicate that workers who lack emergency funds or have rainy-day accounts with less than three months' worth of expenses are 13 times more likely to take withdrawals from their 401(k) accounts due to financial hardship than are people with bigger emergency accounts.

Prudential Retirement, a 401(k) record-keeper, has offered a similar program since 2018. More than 20 companies currently offer the emergency fund option.

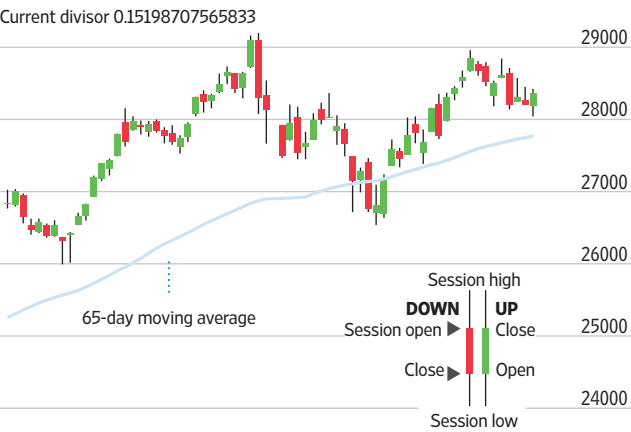
MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

28363.66 ▲152.84, or 0.54%
High, low, open and close for each trading day of the past three months.

Last	Year ago
26.72	19.67
P/E estimate *	24.32
24.32	17.89
Dividend yield	2.13
2.13	2.30
All-time high	29551.42, 02/12/20



Current divisor 0.15198707565833

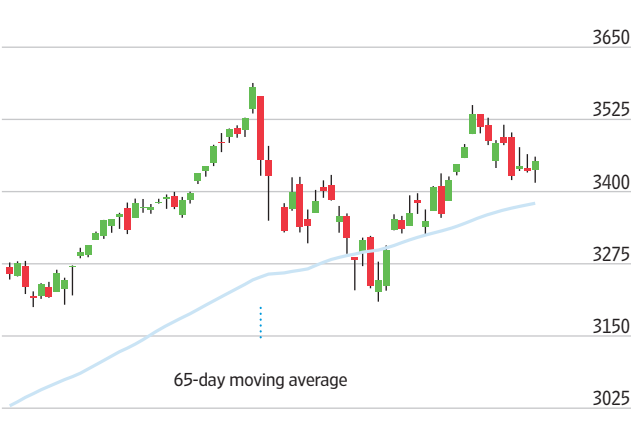
Bars measure the point change from session's open

*Weekly P/E data based on as-reported earnings from Birlinyi Associates Inc.; *Based on Nasdaq-100 Index

S&P 500 Index

3453.49 ▲17.93, or 0.52%
High, low, open and close for each trading day of the past three months.

Last	Year ago
38.21	23.50
P/E estimate *	25.90
25.90	18.15
Dividend yield *	1.72
1.72	1.93
All-time high	3580.84, 09/02/20



Nasdaq Composite Index

11506.01 ▲21.31, or 0.19%
High, low, open and close for each trading day of the past three months.

Last	Year ago
36.72	24.05
P/E estimate *	32.15
32.15	21.75
Dividend yield *	0.74
0.74	1.03
All-time high	12056.44, 09/02/20



Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	52-Week High	52-Week Low	% chg YTD	% chg 3-yr. ann.
Dow Jones									
Industrial Average	28421.31	28040.18	28363.66	152.84	0.54	29551.42	18591.93	-0.6	6.7
Transportation Avg	11832.65	11644.43	11748.55	23.53	0.20	11988.83	6703.63	7.8	5.6
Utility Average	892.49	878.26	891.28	14.18	1.62	960.89	610.89	1.4	6.0
Total Stock Market	35521.11	35036.93	35450.68	223.45	0.63	36434.12	22462.76	7.3	9.9
Barron's 400	757.74	747.31	756.74	6.56	0.87	767.01	455.11	3.3	3.1

Nasdaq Stock Market									
Nasdaq Composite	11548.77	11369.29	11506.01	21.31	0.19	12056.44	6860.67	28.2	20.2
Nasdaq 100	11739.22	11529.73	11662.91	-2.46	-0.02	12420.54	6994.29	33.5	24.1

S&P									
500 Index	3460.53	3415.34	3453.49	17.93	0.52	3580.84	2237.40	6.9	10.3
MidCap 400	2004.19	1971.29	2002.93	32.80	1.67	2106.12	1218.55	-2.9	3.0
SmallCap 600	930.16	914.79	928.92	13.85	1.51	1041.03	595.67	-3.4	0.6

Other Indexes									
Russell 2000	1631.97	1603.96	1630.25	26.48	1.65	1705.22	991.16	-2.3	2.6
NYSE Composite	13162.80	13002.96	13145.92	105.79	0.81	14183.20	8777.38	-5.5	1.9
Value Line	490.15	482.37	489.73	6.87	1.42	562.05	305.71	-6.4	-11.3
NYSE Arca Biotech	5387.30	5316.30	5378.31	77.88	1.47	6142.96	3855.67	6.1	8.2
NYSE Arca Pharma	648.45	641.37	646.93	5.82	0.91	675.64	494.36	-1.0	4.9
KBW Bank	80.47	77.52	80.37	2.89	3.73	114.12	56.19	-22.4	-29.1
PHLX ^S Gold/Silver	146.72	143.69	146.41	-1.67	-1.13	161.14	70.12	36.9	19.9
PHLX ^S Oil Service	29.66	28.75	29.57	0.82	2.86	80.99	21.47	-55.6	-62.2
PHLX ^S Semiconductor	2381.62	2342.34	2370.45	3.19	0.13	2433.48	1286.84	28.2	24.4
Cboe Volatility	30.12	27.68	28.11	-0.54	-1.88	82.69	11.54	104.0	41.3

^SNasdaq PHLX Sources: FactSet; Dow Jones Market Data

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6:30 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
Intel	INTC	12,185.7	48.85	-5.05	-9.37	55.68	48.00
iShares MSCI Emg Markets	EEM	11,510.7	46.09	0.04	0.09	46.19	46.01
Gilead Sciences	GILD	6,126.1	63.58	2.91	4.80	64.50	60.51
iSh MSCI ACWI ex US	ACWX	5,558.8	47.06	...	unch.	47.06	46.95
Energy Transfer	ET	5,385.5	6.26	0.01	0.16	6.29	6.18
SPDR S&P 500	SPY	5,341.6	345.47	0.86	0.25	345.50	344.33
Immunogen	IMGN	4,648.5	5.57	0.07	1.27	5.57	5.35
Douglas Emmett	DEI	3,877.6	24.92	...	unch.	24.92	24.75

Percentage gainers...

Zedge Cl B	ZDGE	427.1	2.28	0.71	45.22	3.39	1.65
Marin Software	MRIN	651.5	2.49	0.37	17.45	2.91	2.24
CLPS	CLPS	867.4	4.49	0.61	15.72	5.11	3.75
NanoString Technologies	NSTG	79.1	40.10	3.43	9.35	40.10	36.67
Mattel	MAT	1,642.3	13.73	0.81	6.27	14.45	12.78

...And losers

Limelight Networks	LLNW	2,277.4	5.16	-1.02	-16.44	6.21	4.95
Intel	INTC	12,185.7	48.85	-5.05	-9.37	55.68	48.00
eHealth	EHTH	1,031.8	74.75	-7.27	-8.86	83.79	63.40
Manhattan Associates	MANH	79.4	94.58	-8.94	-8.64	107.18	94.00
Ever-Glory Intl Group	EVK	634.3	2.45	-0.15	-5.77	2.69	2.43

Trading Diary

Volume, Advancers, Decliners

	NYSE	NYSE Amer.
Total volume*	843,133,003	13,888,493
Adv. volume*	666,461,061	7,323,800
Decl. volume*	168,933,343	5,439,781
Issues traded	3,144	275
Advances	2,113	124
Declines	938	134
Unchanged	93	17
New highs	49	1
New lows	26	1
Closing Arms*	0.56	0.46
Block trades*	4,889	143

Total volume* 3,416,655,953 183,936,530

Adv. volume* 2,298,272,738 109,730,767

Decl. volume* 1,063,442,445 71,905,553

Issues traded 3,601 1,396

Advances 2,192 853

Declines 1,295 515

Unchanged 114 28

New highs 72 9

New lows 40 12

Closing Arms* 0.78 1.18

Block trades* 15,483 1,023

* Primary market NYSE, NYSE American NYSE Arca only.

*(TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An

Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

International Stock Indexes

Region/Country	Index	Close	Net chg	Latest % chg	YTD % chg
World					
	The Global Dow	3051.77	7.15	0.23	-6.1
	DJ Global Index	442.65	0.26	0.06	2.0
	DJ Global ex U.S.	252.04	-1.47	-0.58	-4.4
Americas					
	DJ Americas	806.31	4.50	0.56	6.0
Brazil	Sao Paulo Bovespa	101917.73	1365.29	1.36	-11.9
Canada	S&P/TSX Comp	16279.36	49.13	0.30	-4.6
Mexico	S&P/BMV IPC	38652.19	-17.06	-0.04	-11.2
Chile	Santiago IPSA	2626.11	19.73	0.76	-21.3
EMEA					
	Stoxx Europe 600	360.27	-0.52	-0.14	-13.4
Eurozone	Euro Stoxx	354.44	-0.64	-0.18	-12.3
Belgium	Bel-20	3202.19	0.95	0.03	-19.1
Denmark	OMX Copenhagen 20	1375.53	-11.73	-0.85	21.1
France	CAC 40	4851.38	-2.57	-0.05	-18.8
Germany	DAX	12543.06	-14.58	-0.12	-5.3
Israel	Tel Aviv	1354.21	-5.14	-0.38	-19.5
Italy	FTSE MIB	19076.95	-9.00	-0.05	-18.8
Netherlands	AEX	554.20	-3.20	-0.57	-8.3
Russia	RTS Index	1155.24	11.82	1.03	-25.4
South Africa	FTSE/JSE All-Share	54796.42	-549.07	-0.99	-4.0
Spain	IBEX 35	6796.60	-14.89	-0.22	-28.8
Sweden	OMX Stockholm	724.14	-0.26	-0.04	6.4
Switzerland	Swiss Market	9999.05	9.30	0.09	-5.8
Turkey	BIST 100	1198.32	-13.20	-1.09	4.7
U.K.	FTSE 100	7585.65	9.15	0.16	-23.3
U.K.	FTSE 250	17894.42	106.60	0.60	-18.2
Asia-Pacific					
Australia	S&P/ASX 200	6173.80	-18.00	-0.29	-7.6
China	Shanghai Composite	3312.50	-12.52	-0.38	8.6
Hong Kong	Hang Seng	24786.13	31.71	0.13	-12.1
India	S&P BSE Sensex	40558.49	-148.82	-0.37	-1.7
Japan	Nikkei Stock Avg	23474.27	-165.19	-0.70	-0.8
Singapore	Straits Times	2528.41	2.80	0.11	-21.5
South Korea	Kospi	2355.05	-15.81	-0.67	7.2
Taiwan	TAIEX	12917.03	39.78	0.31	7.7
Thailand	SET	1213.61	-2.87	-0.24	-23.2

Sources: FactSet; Dow Jones Market Data

Percentage Gainers...

Company	Symbol	Close	Net chg	% chg	52-Week High	52-Week Low	% chg
TuanChe ADR	TC	6.03	2.99	98.36	10.95	2.70	-42.7
KBS Fashion Group	KBSF	3.91	1.46	59.59	4.45	0.95	83.6
Sequential Brands Group	SQBQ	8.57	2.87	50.35	24.80	4.11	-52.1
Align Technology	ALGN	453.23	117.42	34.97	459.00	127.88	81.7
Bio-Path Holdings	BPTH	5.26	1.17	28.61	12.54	2.92	-56.8
Beam Therapeutics	BEAM	35.51	5.82	19.60	35.89	13.00	...
iHuman ADR	IH	19.88	3.25	19.54	29.00	12.12	...
Globus Maritime	GLBS	9.00	1.44	19.05	301.00	7.12	-96.0
Condor Hospitality Trust	CDOR	2.94	0.46	18.55	11.20	2.17	-73.4
Nova Lifestyle	NVLY	2.50	0.39	18.48	3.08	0.66	-16.7
North Amer Construction	NOA	8.05	1.24	18.21	12.46	4.11	-25.0
Hexindai ADR	HX	2.68	0.41	18.06	7.44	0.76	-19.5
Hawaiian Holdings	HA	16.40	2.45	17.56	31.34	7.55	-40.4
Sabre Corp.	SABR	7.76	1.11	16.69	23.86	3.30	-63.6
LMP Automotive Holdings	LMPX	27.44	3.89	16.52	49.30	3.28	...

Most Active Stocks

Company	Symbol	Volume (000)	% chg from 65-day avg	Latest Session Close	% chg	52-Week High	52-Week Low
Ever-Glory Intl Group	EVK	148,956	366365.7	2.60	126.09	6.76	0.61
Snap	SNAP	124,160	378.4	38.97	6.77	39.19	7.89
Apple	AAPL	101,460	-41.6	115.75	-0.96	137.98	53.15
General Electric	GE	94,961	-2.3	7.72	5.46	13.26	5.48
American Airlines Group	AAL	90,169	45.0	13.15	3.18	31.67	8.25
AT&T	T	87,802	156.5	28.28	5.84	39.70	26.08
Ford Motor	F	73,057	23.2	8.21	4.59	9.58	3.90
ProSh UltraPro Shrt QQQ	SQQQ	72,619	24.0	21.75	-0.05	162.15	18.95
NIO ADR	NIO	71,804	-32.9	27.38	-1.72	29.40	1.34
Hertz Global Holdings	HTZ	62,138	81.6	1.76	10.00	20.85	0.40

Futures Contracts

Metal & Petroleum Futures						
	Open	Contract High hi Low	Settle	Chg	Open interest	
Copper-High (CMX) -25,000 lbs.; \$ per lb.						
Oct	3.1665	3.1665	3.1485			
Dec	3.1955	3.1960	3.1425	3.1500	-0.0445	528
Gold (CMX) -100 troy oz.; \$ per troy oz.				3.1535	-0.0450	147,817
Oct	1924.30	1924.40	1898.20	1901.10	-23.50	1,763
Dec	1927.40	1929.40	1894.20	1904.60	-24.90	457,242
Feb'21	1935.50	1936.10	1902.00	1912.00	-24.90	51,171
April	1940.50	1940.50	1907.60	1917.80	-24.70	25,678
June	1940.40	1942.30	1912.80	1922.70	-24.60	17,641
Dec	1950.00	1950.00	1928.10	1931.10	-24.40	7,934
Palladium (NYM) -50 troy oz.; \$ per troy oz.						
Oct	2406.00	2417.30	2401.00	2388.60	-31.20	12
Dec	2418.70	2428.90	2366.70	2395.90	-31.60	9,751
March'21	2422.00	2429.00	2377.60	2403.60	-31.40	539
Platinum (NYM) -50 troy oz.; \$ per troy oz.						
Oct	...	...	...	879.00	-10.10	7
Jan'21	890.90	895.60	861.70	884.00	-9.90	50,750
Silver (CMX) -5,000 troy oz.; \$ per troy oz.						
Oct	...	...	...	24.665	-0.532	50
Dec	25.180	25.225	24.460	24.709	-0.532	128,506
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.						
Dec	40.04	41.02	39.71	40.64	0.61	420,753
Jan'21	40.31	41.31	40.00	40.94	0.63	226,523
Feb	40.62	41.60	40.33	41.23	0.62	129,347
March	40.92	41.87	40.63	41.50	0.60	151,714
June	41.57	42.46	41.30	42.13	0.57	208,703
Dec	42.13	42.93	41.93	42.68	0.53	227,990
NY Harbor ULSD (NYM) -42,000 gal.; \$ per gal.						
Nov	1.1368	1.1682	1.1330	1.1607	.0208	42,368
Dec	1.1447	1.1768	1.1402	1.1687	.0211	111,934
Gasoline-NY RBOB (NYM) -42,000 gal.; \$ per gal.						
Nov	1.1385	1.1702	1.1331	1.1581	.0178	39,530
Dec	1.1264	1.1583	1.1204	1.1452	.0181	126,216
Natural Gas (NYM) -10,000 MMBtu.; \$ per MMBtu.						
Nov	3.025	3.066	▲ 2.980	3.007	-0.016	44,239
Dec	3.338	3.359	3.254	3.272	-0.076	173,748
Jan'21	3.465	3.480	3.382	3.397	-0.074	203,030
Feb	3.421	3.435	3.341	3.356	-0.071	82,868
March	3.301	3.315	3.223	3.239	-0.065	138,392
Oct	3.047	3.060	▲ 3.005	3.019	-0.027	94,798
Agriculture Futures						
Corn (CBT) -5,000 bu.; cents per bu.						
Dec	413.75	419.00	▲ 410.75	416.25	2.50	745,279

	Open	Contract High Low	Settle	Chg	Open interest	
March/21	416.25	420.75 ▲	413.25	418.25	1.50	370,864
Oats (CBT) -5,000 bu.; cents per bu.						
Dec	302.50	304.00	297.50	303.50	-5.50	4,661
March/21	301.25	303.50 ▲	297.00	303.50	1.00	743
Soybeans (CBT) -5,000 bu.; cents per bu.						
Nov	1072.25	1085.25 ▲	1063.50	1073.75	1.75	199,314
Jan/21	1071.50	1083.75 ▲	1063.00	1072.25	.75	348,475
Soybean Meal (CBT) -100 tons; \$ per ton.						
Dec	380.00	390.80 ▲	376.80	382.40	3.60	150,109
Jan/21	374.10	382.50 ▲	370.90	375.50	2.50	84,289
Soybean Oil (CBT) -60,000 lbs.; cents per lb.						
Dec	33.20	33.86	32.66	33.69	.49	147,129
Jan/21	33.10	33.65	32.61	33.55	.40	86,713
Rough Rice (CBT) -2,000 cwt.; \$ per cwt.						
Nov	12.20	12.25	12.18	12.22	.03	3,710
Jan/21	12.39	12.48	12.39	12.46	.06	6,075
Wheat (CBT) -5,000 bu.; cents per bu.						
Dec	628.50	632.25	621.25	622.75	-7.00	221,758
March/21	630.00	632.50	622.50	623.75	-7.50	78,936
Wheat (KC) -5,000 bu.; cents per bu.						
Dec	569.50	571.75	558.50	560.25	-9.50	110,892
March/21	576.25	578.75	565.75	568.00	-9.00	62,949
Cattle-Feeder (CME) -50,000 lbs.; cents per lb.						
Oct	133.975	134.500	132.375	133.825	-5.75	1,447
Jan/21	127.000	127.325	125.050	126.200	-8.75	23,552
Cattle-Live (CME) -40,000 lbs.; cents per lb.						
Oct	103.700	103.825	103.000	103.325	-3.25	2,772
Dec	104.850	104.900	103.150	103.475	-1.100	107,145
Hogs-Lean (CME) -40,000 lbs.; cents per lb.						
Dec	69.575	69.800	66.200	66.200	-3.000	90,633
Feb/21	68.775	68.950	66.700	66.850	-1.600	46,168
Lumber (CME) -110,000 bd. ft., \$ per 1,000 bd. ft.						
Nov	521.80	538.10	518.60	531.40	9.40	1,438
Jan/21	460.80	478.60	460.80	472.80	10.80	1,227
Milk (CME) -200,000 lbs.; cents per lb.						
Oct	21.60	21.63 ▲	21.58	21.63	.15	4,762
Nov	20.79	21.55	20.61	21.44	.53	5,259
Cocoa (ICE-US) -10 metric tons; \$ per ton.						
Dec	2,426	2,476	2,423	2,474	47	66,844
March/21	2,426	2,472	2,422	2,471	45	71,847
Coffee (ICE-US) -37,500 lbs.; cents per lb.						
Dec	103.70	107.45	103.20	106.70	2.55	90,817
March/21	106.95	110.05	106.10	109.40	2.40	73,853
Sugar-World (ICE-US) -112,000 lbs.; cents per lb.						
March	14.50	14.94	14.47	14.78	.28	450,446
May	13.82	14.17	13.82	14.07	.24	161,469
Sugar-Domestic (ICE-US) -112,000 lbs.; cents per lb.						
Jan	27.76	27.80 ▲	27.56	27.75	...	1,796

	Open	Contract High Low	Settle	Chg	Open interest	
March	27.70	28.00 ▲	27.70	27.90	.20	2,607
Cotton (ICE-US) -50,000 lbs.; cents per lb.						
Dec	71.00	72.10	70.82	71.94	.90	128,297
March/21	71.56	72.64	71.50	72.51	.78	67,612
Orange Juice (ICE-US) -15,000 lbs.; cents per lb.						
Nov	111.90	113.80	110.20	111.25	-.40	1,722
Jan/21	109.45	111.75	108.75	109.85	.40	7,810

Interest Rate Futures						
Ultra Treasury Bonds (CBT) - \$100,000; pts 32nds of 100%						
Dec	214-190	215-290	212-170	213-230	-1-10.0	990,370
March/21	212-100	214-050	210-300	212-010	-1-10.0	22
Treasury Bonds (CBT) - \$100,000; pts 32nds of 100%						
Dec	172-290	173-150	171-250	172-110	-24.0	1,216,749
March/21	174-180	174-240	173-020	173-200	-25.0	7,429
Treasury Notes (CBT) - \$100,000; pts 32nds of 100%						
Dec	138-160	138-200	138-050	138-105	-8.0	3,178,106
March/21	138-055	138-080	137-255	137-305	-8.5	5,443
5 Yr. Treasury Notes (CBT) - \$100,000; pts 32nds of 100%						
Dec	125-207	125-225	125-165	125-182	-3.2	3,102,226
March/21	125-310	126-010	125-200	125-287	-3.5	2,935
2 Yr. Treasury Notes (CBT) - \$200,000; pts 32nds of 100%						
Dec	110-134	110-137	110-129	110-130	-5	1,959,706
March/21	110-130	110-140	110-130	110-130	-1.0	4
30 Day Federal Funds (CBT) - \$5,000,000; 100 - daily avg.						
Oct	99.9125	99.9125	99.9100	99.9100	.0000	218,075
Jan/21	99.9250	99.9250	99.9200	99.9200	-.0050	174,025
10 Yr. Del. Int. Rate Swaps (CBT) - \$100,000; pts 32nds of 100%						
Dec	101-110	101-125	100-255	101-005	-9.0	137,016
Eurodollar (CME) - \$1,000,000; pts of 100%						
Nov	99.7750	99.7750	99.7700	99.7700	-.0025	149,197
Dec	99.7600	99.7650	99.7600	99.7600	...	1,019,616
March/21	99.7900	99.7950	99.7900	99.7900	-.0050	1,039,986
June	99.8050	99.8100	99.7950	99.8000	-.0050	874,463

Currency Futures						
Japanese Yen (CME) -¥12,500,000; \$ per 100¥						
Nov	95.61	9573	9534	9539	-0.0030	266
Dec	95.66	9577	9536	9542	-0.0029	181,353
Canadian Dollar (CME) -CAD 100,000; \$ per CAD						
Nov	.7614	.7620	.7590	.7610	-0.0007	108

Bonds | wsj.com/market-data/bonds/benchmarks

Tracking Bond Benchmarks

Return on investment and spreads over Treasuries and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

Total return close	YTD total return (%)	Index	Yield (%)			Total return close	YTD total return (%)	Index	Yield (%)		
			Latest	Low	High				Latest	Low	High
Broad Market Bloomberg Barclays											
2265.38	6.3	U.S. Aggregate	1.240	1.020	2.410	2224.87	3.6	Mortgage-Backed	1.350	0.930	2.690
U.S. Corporate Indexes Bloomberg Barclays											
3351.27	6.5	U.S. Corporate	2.020	1.820	4.580	2171.21	3.4	Ginnie Mae (GNMA)	0.830	0.290	2.660
3062.82	5.8	Intermediate	1.350	1.230	4.400	1314.15	3.7	Fannie mae (FNMA)	1.540	1.110	2.690
4907.85	7.8	Long term	3.110	2.730	4.930	2016.80	3.6	Freddie Mac (FHLMC)	1.520	1.080	2.710
684.25	6.4	Double-A-rated	1.550	1.300	3.360	585.06	3.4	Muni Master	1.127	0.838	3.441
884.79	5.8	Triple-B-rated	2.370	2.210	5.350	413.07	3.5	7-12 year	1.133	0.771	3.447
High Yield Bonds ICE BofA											
472.10	1.1	High Yield Constrained	5.301	5.151	11.400	469.54	3.7	12-22 year	1.622	1.224	3.690
413.50	-5.5	Triple-C-rated	11.052	10.735	19.071	452.23	2.6	22-plus year	2.365	1.765	4.123
3194.12	0.02	High Yield 100	4.453	4.235	10.740	Global Government J.P. Morgan¹					
425.79	1.0	Global High Yield Constrained	5.372	4.893	11.310	612.31	5.0	Global Government	0.590	0.390	1.060
324.11	-1.4	Europe High Yield Constrained	3.844	2.464	8.183	862.35	7.3	Canada	0.820	0.590	1.740
U.S. Agency Bloomberg Barclays											
1860.46	5.1	U.S. Agency	0.550	0.470	1.950	416.61	4.1	EMUs	0.142	0.059	0.794
1622.76	3.8	10-20 years	0.410	0.340	1.850	790.15	4.1	France	-0.070	-0.160	0.430
4232.84	11.0	20-plus years	1.620	1.170	2.480	551.85	3.0	Germany	-0.450	-0.740	-0.050
2874.46	5.1	Yankee	1.520	1.430	3.500	295.08	-1.0	Japan	0.290	0.040	0.320
						615.82	3.3	Netherlands	-0.340	-0.540	0.080
						1078.20	7.3	U.K.	0.660	0.390	1.180
						890.12	0.9	Emerging Markets **	4.814	4.523	7.480

BIGGEST 1,000 STOCKS

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (formerly Boston), Chicago Stock Exchange, Cboe, NYSE National and Nasdaq ISE.

The list comprises the 1,000 largest companies based on market capitalization.

Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume.

Boldfaced quotations highlight those issues whose price changed by 5% or more than their previous closing price was \$2 or higher.

Footnotes:

New 52-week high.

52-week low.

dd-Indicates loss in the most recent four quarters.

FD-First day of trading.

H-Does not meet continued listing standards.

IF-Late filing.

Q-Temporary exemption from Nasdaq requirements.

t-NYSE bankruptcy.

v-Trading halted on primary market.

vi-In bankruptcy or receivership or being reorganized under the Bankruptcy Code, or securities assumed by such companies.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Thursday, October 22, 2020

Stock

Sym

Close

Net Chg

A B C

ABB

ABB

26.75

0.34

AcadiaPharm

ACAD

42.23

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AECOM

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46.15

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AES

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Aflac

AFL

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AGCO

AGC

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AGNC Invst

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Ansys

ANSS

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ASETech

ASX

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ASML

ASML

375.50

-7.50

AT&T

T

28.28

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AbbottLabs

ABT

109.48

3.55

AbbVie

ABBV

84.31

1.42

Abiomed

ABMD

278.50

5.90

AcceleroPharma

ALRN

109.38

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Accutane

ACC

228.14

-0.96

ActivisionBlot

ATVI

80.77

-1.17

AdaptiveBiotech

ADPT

46.93

-0.02

Adobe

ADBE

483.60

-12.36

AdvantageAuto

AAP

152.93

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Advantis

AMP

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AgilentTechs

A

106.77

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AgioPharma

AG

107.75

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Agilix

AGIX

79.68

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AirProducts

APD

292.25

-1.01

AkamaiTech

AKAM

108.00

-1.02

Albermarle

ALB

94.96

-0.91

Albertsons

ACI

14.70

-0.28

Alcon

ALC

61.17

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AlexandriaRst

ARE

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AlexionPharm

ALXN

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Alibaba

BABA

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AlignTech

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Alliection

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AlliantEnergy

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BANKING & FINANCE

Sun Life Buys Control of Direct Lender

Insurer seeks to grow investments unit with private-credit fund manager Crescent

By MATT WIRZ

Canadian insurer **Sun Life Financial** Inc. is buying a majority stake in private-credit fund manager **Crescent Capital Group LP** to expand its alternative investments arm, SLC Management.

Sun Life will pay up to \$338 million, the company said, for a 51% stake in Crescent, which Mark Attanasio and Jean-Marc Chapus founded about three decades ago after working for Michael Milken at now-defunct junk-bond powerhouse Drexel Burnham Lambert.

Los Angeles-based Crescent manages about \$28 billion through funds that focus on private credit, or direct lend-

ing, to companies with below-investment-grade credit rating, a hot area in the asset-management industry.

The transaction adds a team with loan and distressed-debt expertise to SLC's lineup of bond and real-estate funds. It will give Crescent's founders a cash injection to grow their business, along with a personal payday, according to the two firms.

Direct lending by money managers to companies with junk credit ratings surged in the past decade as banks pulled back from the business and institutional investors clamored for high-yielding debt to offset falling interest rates. Connecticut's public pension fund, for example, recently set up a \$350 million account with Goldman Sachs Group Inc. to make private debt investments.

Sun Life, which owns U.S. mutual-fund manager MFS In-



Mark Attanasio co-founded Crescent, which manages \$28 billion.

vestment Management, launched SLC in 2014 and has since grown investments to \$193 billion as of June. The insurer used bolt-on acquisitions of small managers such as

Prime Advisors, Bentall-GreenOak—and now Crescent—to accelerate its growth.

Crescent operates private-credit funds in the U.S. and Europe that offer companies

bespoke loans, part of a burgeoning pool of capital that hit a record \$812 billion in June 2019, according to data provider Preqin Ltd. Once a niche market for small companies, direct loans can now exceed \$1 billion and are becoming a common alternative to high-yield bonds and broadly syndicated bank loans.

The rapid growth of the market has raised concerns about excessive risk-taking, especially as the coronavirus pandemic substantially curtailed sales in certain industries. Default rates for private loans hit 5.9% in the U.S. in the first quarter of the year after just one month of economic restrictions, according to law firm Proskauer Rose LLP.

"Crescent stood out to us because the firm was founded in 1991," said SLC President Steve Peacher. "It was important for us to partner with

someone who'd been through a lot of cycles."

The deal is the second transformative transaction for Mr. Chapus and Mr. Attanasio, who is also principal owner of the Milwaukee Brewers.

They sold their firm to Trust Company of the West in 1995, then took back control of the company in 2011 through a spinoff. In addition to the upfront payment, Sun Life committed to invest up to \$750 million with Crescent, money the direct lender plans to use to launch new investment offerings.

Crescent is looking into launching funds focused on asset-based lending and trade finance, Mr. Chapus said. The deal with SLC includes a put-call option that allows transfer of the remaining interests in five years.

—Paul Davies
and Preeti Singh
contributed to this article.

Virus Crisis Boosts Muni Insurance Sector

By HEATHER GILLERS

The decimated municipal-bond insurance industry is having a renaissance.

Weakened by Covid-19, state and local borrowers are using insurance at their highest rates in more than a decade. This type of upfront protection offers a promise from insurance companies to pay investors if the municipality defaults. Overall, the share of newly issued muni debt carrying insurance reached 7.13% in the second quarter and was 6.8% in the third quarter, up from an average of 4.72% in the decade before the pandemic, according to Municipal Market Analytics data.

Fueling the trend is a drop in local government creditworthiness that has left public officials looking for ways to keep down borrowing costs. That dynamic has spelled opportunity for the two active municipal bond insurers, **Build America Mutual** and **Assured Guaranty** Ltd., and helped the muni market run smoothly, despite significant stress.

For investors, however, the increased need for insurance is a growing concern, especially since insurance firms are only willing to back certain types of bonds.

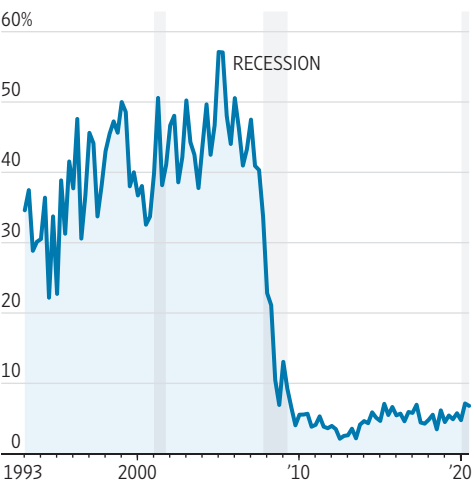
"The bond insurers are only underwriting policies for bonds they believe are not going to default," said Nicholas Venditti, senior portfolio manager at Wells Fargo Asset Management.

Most governments continue to borrow without insurance and the risk of default remains low, limiting how much buy-and-hold investors benefit from the sacrifice in yield that comes with insurance. Out of an estimated 50,000 issuers in the roughly \$4 trillion municipal market, there have been only about 50 new defaults since the pandemic began.

Among recent issuers, Oregon State University used bond insurance to secure lower interest rates on about \$300 million in taxable long-term bonds issued this month to help pay for capital projects and manage the pandemic's financial impact, said spokesman Steve Clark.

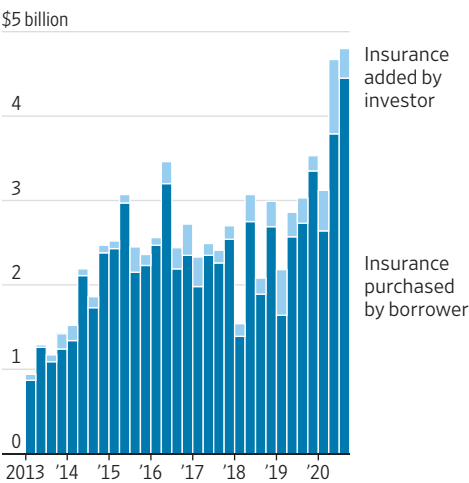
The school didn't attach insurance to its last two pre-pandemic bond issues, but revenues from housing, dining and athletics have fallen as a result

Share of newly issued muni debt that is insured, quarterly



Sources: Municipal Market Analytics (share of debt); the company (amount of debt)

Amount of debt insured by Build America Mutual, quarterly



Oregon State used insurance to secure lower rates on about \$300 million in bonds issued this month.

of Covid-19 as has international student enrollment. The majority of prospective investors preferred an insured bond issue, Mr. Clark said, and the rate the school was able to get fell by 0.08 percentage point after adding insurance.

Mr. Clark said the decision to use insurance wasn't based on the pandemic or its impacts on the school but on investor feedback and a desire to lower borrowing costs.

A recent stress test by Merritt Research Services found that if universities lost a quarter of their revenues, 44% of public schools and 39% of private schools would exhaust any available financial cushion unless they made cuts. In the

same scenario, about a fifth of hospitals would run out of cash, the firm found.

"In a sector like higher education where all credits tend to get painted with a negative brush...to some degree putting insurance on top of it is attractive to some investors who then don't have to do all the research," said Dan Hartman, managing director at PFM Financial Advisors LLC, which counsels government borrowers.

Mr. Hartman estimated that an A-rated borrower might pay \$500,000 for insurance that would lower rates on a \$100 million 20-year bond issue by 0.05 to 0.1 percentage point after factoring in the cost of insurance. The savings in that

scenario could amount to roughly half a million present-day dollars, stretched out over the life of the bond, he said.

Issuers aren't the only ones buying more insurance; investors are also choosing to add protection to their uninsured holdings.

Asset manager Lord Abbett this spring bought insurance on some of its munis after ratings firms placed negative outlooks on the issuers, said partner and director Daniel Solender. The extra protection will enable the bonds to remain in the firm's high-grade portfolios in the event of a downgrade or help the firm find buyers if it chooses to sell, Mr. Solender said.

The return of significant in-

surance to the muni market comes more than a decade after that industry was decimated in the financial crisis.

In the wake of the crisis, bond insurers that had sold protection on residential mortgage-backed securities lost their AAA credit ratings, creating a host of problems for the state and local borrowers they insured.

Build America Mutual and Assured Guaranty said they are well positioned to weather pandemic-related downgrades or losses. Both firms have increased prices on some insurance products, according to people familiar with the matter.

S&P Global Ratings credit analyst David Veno said Build America Mutual and Assured Guaranty each have enough capital to cover the insurance payout scenarios resulting from the pandemic and maintain their financial stability. Both are rated AA by S&P.

Build America Mutual, which started in 2012, sticks to government-backed bonds and steers clear of nonprofit hospitals and private universities, which also issue debt in the municipal market.

"We sort of have stuck to our knitting all along, so that's the backdrop of why we are less concerned about the severity of loss in our portfolio going forward," said Chief Executive Seán McCarthy.

Mr. McCarthy said that while he believes the likelihood of default on this type of debt is very low, it isn't zero, creating a benefit even for buy-and-hold investors.

"When you take out a life insurance policy, you don't think you're dying next year," he said.

Assured Guaranty, the only insurance firm from the financial crisis to remain active, has a portfolio comprising 96% municipal debt and insures about \$232 billion, less than half the amount it did before the crisis. "We believe our insured portfolio is in good shape to weather this economic disruption," said Robert Tucker, a spokesman.

It remains to be seen in what shape insurers will emerge from the pandemic, said Josh Esterov, a senior insurance analyst at CreditSights. Any gains from the increase in business could be eroded by payment delinquencies on bonds in the insured portfolio, he said.

Credit Scores Improve Despite Downturn, Pandemic

By AMBER BURTON

Despite the dire economic situation for many Americans, credit scores are up.

The average FICO credit score in July was 711—the highest on record for the metric used in most lending decisions. Government relief resulted in a little extra money to pay down debt and the ability for some to skip payments without damaging their score. A shift in consumer behavior, with some stuck at home spending less, is also contributing to the rise.

"They're not polluting their credit cards with as much debt right now," said John Ulzheimer, a credit specialist who formerly worked for Equifax and Fair Isaac Corp., creator of the widely used score.

For many, now is an optimal time to nudge their scores up. While going from a 600 to an 800 might not be realistic in a

short period, financial planners say there are some easy ways to push your score in the right direction.

Here's how to get moving. For starters, remember that the basics still apply. Your credit score is made up of five components: what you owe, how long you've had credit, payment history, new credit and credit mix. Payment history and the amount you owe count for the largest portions of your credit score.

To strengthen your credit score, start with debt prioritization. Credit-card debt should be paid first because one missed payment can result in a hit to your credit as large as 100 points.

Relief from the Cares Act means federal student loans, and mortgage payments for some, can be put in forbearance without harm to credit scores. Make sure you resume pay-

ments once your forbearance period is over.

Using less of your total credit is the most dramatic move you can make, said Shannon McLay, founder of the Financial Gym. She has seen credit scores go up as much as 50 to 70 points after clients

Under the Cares Act, some debt goes into forbearance without harm to scores.

lower the balances in relation to their borrowing limits.

For Mark Reyes, a certified financial planner at Albert, a financial-service app, the target percentage he recommends to clients is under 30%. "Because the closer you get toward your

limit, lenders will say, 'Hey, that's kind of risky behavior, we're going to drop your credit score, because you're using too much of your credit.'"

All three major credit reporting agencies—Equifax, Experian and TransUnion—have made credit reports free through April 2021. Consumers are entitled to a free report weekly from each agency via annualcreditreport.com.

If you see your federal student loans or other suspended loans reported for missed payments, reach out to your lender.

"I've been doing this for almost 10 years and I haven't seen this much negotiating power among borrowers," Ms. McLay said. "We literally have had people miss payments, and their lenders are not submitting that to the bureaus."

Mr. Reyes advises his clients to take a deep look at their credit report to find out what,

if anything, has caused their score to drop. Look for any information on your credit report that looks unfamiliar and reach out to the lender directly.

For those who have lost their jobs in the pandemic, the focus should be preventing your credit score from falling, said Daniel Tobias, a certified financial planner in Cornelius, N.C. Focus on the necessities, then evaluate what to pay off first.

"If you're out of work and are struggling to make payments, it could make sense to start making minimum payments on your credit card to avoid skipping payments on your car loan, rent or mortgage," he said.

Because of provisions in the Cares Act, some lenders will remove late payments all the way back to January—but only if you haven't gone into default. This is a way to retroactively help your score.

Watchdog Eyes Loans For Supply Chains

By JULIE STEINBERG

Investors are a step closer to gaining greater clarity on companies' so-called supply-chain finance programs.

The Financial Accounting Standards Board, the private organization that sets accounting standards, voted Wednesday to add to its agenda a project exploring greater disclosure surrounding the arrangements.

Supply-chain finance is essentially a form of short-term borrowing to pay for goods and services. The funding, often provided by banks, pays a company's suppliers earlier than they would normally be paid, at a slight discount. The company then pays the bank later, allowing the company to hang on to cash longer.

Financial institutions that offer such funding include Citigroup Inc., Greensill Capital and HSBC Holdings PLC. Coca-Cola Co. and Boeing Co. and many other blue-chip companies make use of the financing.

The tool has attracted scrutiny from the U.S. Securities and Exchange Commission, ratings firms and market participants, some of whom say it allows companies to portray overly optimistic financial health. The SEC in recent months has asked some large companies to provide more details about their supply-chain finance programs.

The FASB's decision to work on the issue was spurred by a joint letter the Big Four accounting firms sent last year, asking the board for guidance on disclosures companies should make about supply-chain finance.

The firms asked the FASB for guidance on how the arrangements should be reflected in cash-flow statements. They also detailed the difficulties in ascertaining whether such programs should be counted as accounts payable or as debt.

More transparency, they wrote, would help investors understand a company's financial position, even if the FASB doesn't ultimately offer guidance on classification.

The FASB voted Wednesday to focus the project on disclosure. One result could be requiring companies to add footnotes to their financial statements explaining the nature of the programs they use.

Board members during Wednesday's meeting highlighted the growing use of supply-chain finance among companies as well as the lack of disclosure.

Fewer than 5% of the nonfinancial companies that Moody's Investors Service rates globally disclose supply-chain financing in their financial statements, the ratings firm said last year. Companies generally aren't required currently to disclose that information.

An FASB spokesperson said Wednesday's decision is the first step to determine whether there are opportunities to bring more transparency to these transactions.

MARKETS

AMC Debt Is Pressed As Screens Reopen

By Sebastian Pellejero

Investors are dumping bonds tied to the world’s biggest movie-theater chain, betting that attendance will remain low despite venues reopening in major markets.

The price on **AMC Entertainment Holdings Inc.’s** \$1.4 billion bonds due in June 2026 dropped below 10 cents on the dollar this week, according to MarketAxess, implying creditors believe they aren’t very likely to get paid back. The company’s \$500 million bonds due April 2025 were quoted at around 60.5 cents on the dollar Thursday, down from 91 in early September.

The declines contrast with the early week bounce in AMC stock. Shares rose more than 16% on Monday following the company’s announcement that it would open a dozen locations in New York state at 25% capacity. One day later, the company said it would sell \$50 million in shares to bolster its balance sheet. Shares have retreated but rose 4% Thursday to \$3.12.

But bond investors, who typically focus on a borrower’s ability to pay its bills and interest payments, remain pessimistic. Analysts say the company is burning more than \$100 million a month and that this week’s capital raise does little to change that. Without new attractions to wrangle moviegoers from their couches, Matt Zloto, an analyst at Credit-Sights, said AMC is in danger of running out of cash by early next year.

“When you look at the theatrical slate, it’s just going to be difficult to get people into theaters,” he said. “And when theaters are open, there are fixed costs no matter how many people come in the door, from people checking tickets to cleaning theaters.”

A spokesman for AMC didn’t return requests for comment. The company has warned investors in recent filings that it

Analysts say the company is burning more than \$100 million a month.

could run out of cash by early 2021.

These barriers have taken a toll on the debt prices of AMC’s competitors as well. Bonds tied to **Cinemark Holdings Inc.**, which runs more than 300 theaters across America, also have dropped in recent months. The company’s \$755 million in notes due June 2023 were quoted at 84.75 cents on the dollar as of Wednesday, down from 94.25 cents in early September.

Movie-theater operators across the country face a serious financial strain as pandemic-related capacity restrictions and a lack of high-profile movies leave theaters mostly empty. Hollywood studios delayed many of this year’s big blockbuster films—including “Dune” and a new James Bond movie—after Warner Bros.’ “Tenet” struggled at the U.S. box office without access to major markets such as New York City and Los Angeles.

Studios are hesitant to release films without those big markets, fearing low ticket sales. But postponing releases raises the risk of permanent closure for many of the theaters the studios rely on. This month, **Cineworld Group PLC’s** Regal Entertainment Group suspended operations at U.S. theaters, walking back an initial August reopening, citing an absence of film releases and restrictions in states such as California and New York.

Elsewhere in debt markets, yields on long-term U.S. government bonds headed higher for a fifth consecutive session after Labor Department data showed the number of Americans who filed for unemployment benefits this month fell to the lowest levels since March.

The yield on the 10-year Treasury rose to 0.847%, according to Tradeweb, from 0.815% Wednesday.

Stocks Jump on Better Jobs Data

By Jem Bartholomew
And Ben Eisen

Stocks rose after jobless-claims data showed an improving economy and investors monitored negotiations in Washington over a stimulus bill that could further support the recovery.

Investors have been laser-focused on the prospect of a new wave of U.S. fiscal stimulus, even as the prospects of a deal between House Democrats and Senate Republicans before the Nov. 3 presidential election remain unlikely.

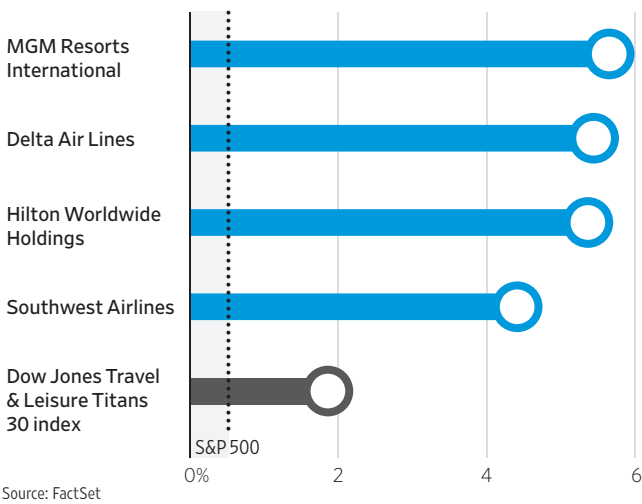
“It’s dominating the headlines, and markets are certainly still paying attention,” said Andrew Hunter, senior U.S. economist at Capital Economics.

The S&P 500 rose 17.93 points, or 0.5%, to 3453.49. The Dow Jones Industrial Average climbed 152.84 points, or 0.5%, to 28363.66. The tech-heavy Nasdaq Composite rose 21.31 points, or 0.2%, to 11506.01.

Investors and analysts see a new injection of stimulus as key to reviving the U.S. economy, which is beginning to recover from its deep recession.

The number of Americans applying for unemployment benefits fell to 787,000 last week, according to data from the Labor Department, suggesting the number of layoffs are

Share-price and index performance, Thursday



Source: FactSet

trending lower. And sales of previously owned homes in the U.S. rose to a 14-year high in September, the National Association of Realtors said.

Still, with the effects of the last round of stimulus fading, some investors are preparing for the economy to plateau.

“As much as the data was good, I think we may see a little bit of a short-term sag in economic momentum in the fourth quarter,” said Dave Donabedian, chief investment officer of CIBC Private Wealth Management.

Investors largely agree that more stimulus is coming at some point soon. “It would seem likely whoever wins that there’ll be some form of fiscal

stimulus in the next few months,” said Tristan Hanson, multiasset fund manager at M&G Investments. “That seems to be the mood music.”

Shares in beaten-down airlines, which could benefit from a stimulus package, rallied. **Delta Air Lines** rose \$2.22, or 7%, to \$33.72. **Southwest Airlines** added \$2.09, or 5.2%, to \$41.93. Airline executives said they are seeing tentative signs that consumers are traveling again, though the companies posted big losses for the third quarter.

Hilton Worldwide Holdings jumped \$5.42, or 6.1%, to \$94.39. **MGM Resorts International** rose \$1.21, or 5.7%, to

\$22.62.

Corporate earnings also lifted shares of individual companies. **Tesla** rose \$3.15, or 0.7%, to \$425.79, after the electric-car maker reported its fifth consecutive quarter of profit after years of losses.

Shares of **AT&T** rose \$1.56, or 5.8%, to \$28.28, after the telecommunications company reported a third-quarter loss that missed expectations but revenue that beat forecasts.

Coca-Cola shares added 69 cents, or 1.4%, to \$50.68, after third-quarter revenue beat expectations.

Align Technology, the S&P 500’s best performer, jumped \$117.42, or 35%, to \$453.23, after the maker of Invisalign teeth aligners reported better-than-expected third-quarter earnings. It said dentist and orthodontist offices were reopening after Covid-related shutdowns.

Investors will also be watching for any surprises when the president and Democratic nominee Joe Biden meet Thursday night for the final debate before the election.

Overseas, the pan-continental Stoxx Europe 600 fell 0.1%. The U.K.’s FTSE 100 was up 0.2% after the government set additional support for companies affected by new coronavirus restrictions. Europe has been struggling with a surge of new Covid-19 cases and fresh

restrictions that threaten the region’s economic rebound.

In commodity markets, U.S. crude rose 61 cents, or 1.5%, to \$40.64 a barrel. Gold prices dropped 1.2% to \$1,901.10 a troy ounce. At midday Friday in Tokyo, the Nikkei was down 0.2%, Hong Kong’s Hang Seng Index was up 0.6% and South Korea’s Kospi was up 0.4%. U.S. stock futures were up 0.1%.

AUCTION RESULTS

Here are the results of Thursday’s Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

FOUR-WEEK BILLS

Applications	\$109,715,206,800
Accepted bids	\$32,831,324,800
* noncompetitively	\$860,538,600
* foreign noncompetitively	\$168,000,000
Auction price (rate)	99.993389 (0.085%)
Coupon equivalent	0.086%
Bids at clearing yield accepted	1.49%
Cusip number	912796473
The bills, dated Oct. 27, 2020, mature on Nov. 24, 2020.	

EIGHT-WEEK BILLS

Applications	\$126,020,984,600
Accepted bids	\$38,302,958,100
* noncompetitively	\$244,546,300
* foreign noncompetitively	\$500,000,000
Auction price (rate)	99.998600 (0.090%)
Coupon equivalent	0.091%
Bids at clearing yield accepted	42.11%
Cusip number	912796507
The bills, dated Oct. 27, 2020, mature on Dec. 22, 2020.	

FIVE-YEAR TIPS

Applications	\$45,151,127,500
Accepted bids	\$17,000,006,500
* noncompetitively	\$46,868,500
Auction price (rate)	107.593657 (-1.320%)
Interest rate	0.125%
Bids at clearing yield accepted	87.46%
Cusip number	91282CA04
The Treasury inflation-protected securities, dated Oct. 30, 2020, mature on Oct. 15, 2025.	

STREETWISE | By James Mackintosh

Winners’ Fortunes Are Tied to Future Results



If I’d told you at the start of the year that **Twitter’s** forecast oper-

ating earnings of 91 cents a share would by October have turned into a forecast loss of 87 cents a share, would you have bought the stock? My guess is no—but you would have missed out on a gain of 45% as a result.

Twitter isn’t alone. **Apple**, **Alphabet** and many others have scored hefty stock gains this year even as their 2020 earnings expectations have been pared back. Aside from the very-worst hit stocks, there’s very little link between what happened to 2020 earnings and what happened to stock prices, as the accompanying chart shows.

It might seem bizarre that the damage companies have taken from the Covid-19 crisis has mattered little to their shares.

The reality is that investors have their eyes fixed firmly on the future, and unless a company was crippled by the pandemic, 2020 can be pretty much ignored as a one-off hit. It doesn’t matter if companies made money during the pandemic. Investors are betting that the stock-market winners will emerge from it even stronger than before.

At least, sort of. To be more precise, what matters to the stock is the change in the change in earnings—how much better or worse their outlook is than it was previously thought to be.

Look at how predictions for earnings 12 months ahead have changed. There’s a stronger link for S&P 500 stocks between this change and what share prices did than there is for 2020 earn-

ings. Looking out a year ahead gets beyond the one-off costs of the pandemic (and anything else), and focuses on the actual business.

The “sort of” comes in here. Back in January, it still wouldn’t have been enough to know in advance how Apple, Alphabet and Twitter’s 12-month ahead earnings forecasts would change. Apple’s was up strongly, Alphabet’s was basically flat and Twitter’s halved. Yet all three have been great investments because the share price doesn’t only depend on what happens in the next 12 months, especially for companies regarded as having strong growth prospects or reliable earnings.

For these businesses, much of their value lies in the hope of earnings many years in the future. A faster shift online is taken to mean higher profits in the future, while lower interest rates and Treasury yields make those future earnings worth more in today’s dollars.

So it isn’t enough merely to assess how the perception of near-term prospects will change.

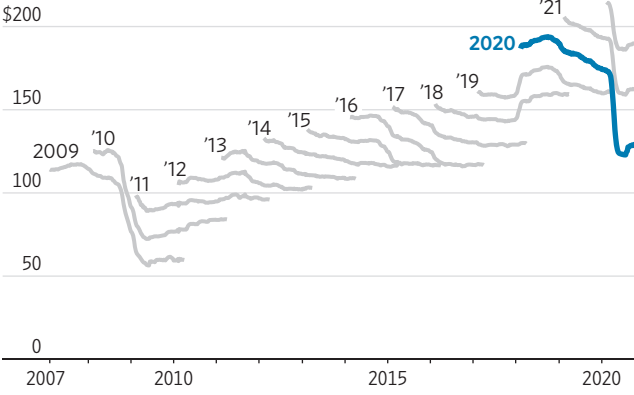
You have to understand what investors will think about long-run hopes, too, and on top of that how the discount rate will change.

Examining the growth rate of earnings throws up another weird result of the pandemic: Earnings of cheap “value” stocks such as the banks, airlines or **Walt Disney** are forecast to grow faster than those of growth stocks next year (though the airlines are mostly still expected to be lossmaking).

This might suggest that value is the new growth. In fact, it’s just the result of the collapse of earnings this year

2020 is a lost year for earnings, but investors have their eyes fixed on the future.

S&P 500 forecast operating earnings per share

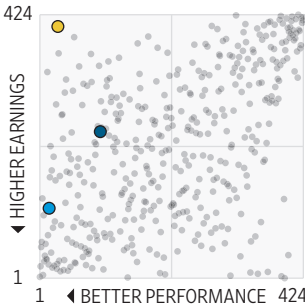


There has been little link between stock prices and the change in 2020 earnings estimates but a stronger connection to 12-month forward estimates.

Stocks ranked by change in share price* and earnings per share

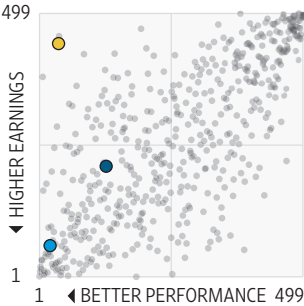
● Twitter ● Alphabet ● Apple

Based on 2020 EPS forecasts†



*Through Tuesday †For 424 S&P 500 stocks with 2020 consensus EPS forecasts. ‡For 499 S&P 500 stocks with 12-month forward consensus EPS forecasts. Source: Refinitiv

12-month forward EPS forecasts‡



and the expected post-coronavirus rebound in the economy. Because value stocks tend to be more sensitive to the economy than growth stocks, their earnings should benefit more from recovery.

That doesn’t mean their shares will benefit more, though. The Russell 1000 Value Index is expected to report earnings down 31% this year, while the growth index earnings are forecast to be up 9%. Next year, value

is forecast to rebound 31%, far better than growth’s 21%. But that isn’t a reason to buy the cheap stocks, because it is already well known and already priced in.

Only if value earnings rebound even more will value stocks benefit. That’s why they are so sensitive to any good news on the economy. If the economy improves faster than currently expected—perhaps because of more government stimulus,

perhaps because of a vaccine breakthrough—then the outlook for value earnings should improve, and so should the value stocks.

Stretched valuations for the growth stocks mean that near-term earnings are even less important than usual. Apple’s forward price-to-earnings ratio jumped from 21 to 30, for example—as its stock price has zoomed faster than its earnings. That means more weight is being put on earnings far in the future, and my worry is that this leaves them exposed to anything that threatens those earnings.

Risks include a higher discount rate making those future earnings less attractive, if, for example, a stronger economy boosts Treasury yields; anti-trust action against tech giants, already in the works and attracting bipartisan support; tax clampdowns that would hit tech giants particularly hard, both if Joe Biden wins the White House and raises corporate taxes and from Europe; and the unexpected.

High valuations can in some sense be justified in a low-rate world, but because they rely on earnings further in the future, they are more exposed to the unexpected threats that will emerge given more time. Investors should demand a lower price to compensate for those risks, partly offsetting the higher price justified by the yield.

I fear that investors aren’t factoring in this unknown and unquantifiable risk when they explain away the high valuations supporting pandemic boom stocks.

◆ Heard on the Street: Tesla’s value makes no sense..... B12

Turkish Lira Falls as Central Bank Holds Rates

Turkey’s currency fell to a record against the dollar Thursday as the country’s central bank held interest rates

By Caitlin Ostroff
in London and
David Gauthier-Villars
in Istanbul

steady despite intensifying pressure to act.

The lira fell 2.1%, with \$1 buying 7.9792 lira, after the central bank left its one-week repo rate at 10.25%, surprising investors and analysts who anticipated an increase.

For several months, the central bank’s main policy rate has been negative when adjusted for inflation, making holding the lira unattractive to foreign

investors and residents. Inflation in Turkey was at 11.75% in September, according to the central bank.

The lira is one of the worst-performing currencies this year and has lost a quarter of its value against the dollar.

Economists have called on Turkey to raise interest rates to compensate for inflation that erodes profits from holding Turkish bonds and stocks and to keep the currency from depreciating further.

Instead, Turkey slashed interest rates for much of the year and increased credit to households and businesses. This increased imports at the same time the coronavirus pandemic has hit exports.

Last month, Turkey sur-

prised investors by lifting its rate to 10.25% from 8.25%. Investors hoped that the central bank would continue along that path following its September meeting, which could inspire confidence for foreign investors to return to the market, said Emre Akcakmak, a portfolio manager at asset manager East Capital.

While it didn’t raise rates, the central bank tweaked another policy tool that could be used to drain liquidity from the system—a type of stealth tightening that may aid in supporting the lira.

It increased the upper rate that banks getting loans from the central bank can be charged to 14.75% from 13.25%. In recent weeks, the central

bank has pushed banks to facilities that charge higher rates, increasing the average cost of funding to 12.52% Wednesday.

Analysts said the move effectively gave the Turkish central bank more room to raise its average lending rate without formally increasing the benchmark rate.

“It’s temporary tightening,” said Timothy Ash, senior sovereign strategist covering emerging markets at BlueBay Asset Management. “The market knows it’s temporary, and the market wants permanent tightening.”

In 2018, the lira crashed after interest rates slipped below inflation, with the currency only stabilizing after the central bank increased interest

rates to 24%.

This year, the central bank has sought to limit the depreciation of the lira by selling foreign currencies, from its own reserves and dollars borrowed from domestic banks, and buying the lira.

It owes more foreign currency to the banks than it has in its coffers.

The central bank has said it has adequate reserves.

Reluctance to formally raise rates, as well as the central bank’s erosion of reserves to defend the lira, has spooked foreign investors. About \$7.6 billion of foreign money has left the local currency bond market this year, as well as nearly \$5.7 billion from Turkish stocks.

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY



To have a chance at justifying its valuation, the electric-car company will need to dominate the auto industry.

Take Stock of Tesla's Value

Record results don't change the reality that its share price makes no sense

Even record results from **Tesla** underscore a dangerous truth for shareholders: Wall Street's favorite stock is a car maker sporting a valuation that tech darlings can only dream about.

Headline third-quarter results from Tesla were very strong. After earlier this month reporting record vehicle deliveries for the quarter, Tesla reported \$8.7 billion in sales and earnings of 27 cents a share on Wednesday.

The sales figure topped analyst expectations and the stock continued its relentless march higher in after-hours trading. It was the company's fifth consecutive quarter of profits, according to generally accepted accounting principles.

There is other good news. Chief Executive Elon Musk wisely took advantage of the company's surging share price and raised \$5 billion via a stock sale in September and Tesla ended the quarter with \$14.5 billion in cash on hand, by far the highest tally the company has ever reported.

None of that means the stock is

trading anywhere near fair value, however: Tesla earned 50 cents a share over the past four quarters, so shares trade at more than 800 times trailing earnings. Its market value approaches \$400 billion, or roughly five times the combined value of **Ford** and **General Motors**.

What's more, those profits are heavily flattered by sales of regulatory credits to help rivals meet emissions mandates. Tesla has booked \$1.3 billion in such sales over the past four quarters, which carry a 100% profit margin. Total net income over that period is just \$556 million. That profit source might not be available in the years to come as more electric competition from legacy auto makers comes online.

To have a chance at justifying its valuation, Tesla will need to dominate the auto industry. However, Tesla said achieving its full-year goal of 500,000 global vehicle deliveries has become more difficult, despite its record results. While the company didn't walk back that goal altogether, it said

"further improvements in logistics and delivery efficiency at higher volume levels" are needed to achieve it. By way of reference, GM sold about 660,000 cars in the U.S. in the third quarter alone.

Meanwhile, updates on several of Mr. Musk's past proclamations about new products were either absent or vague. Tesla didn't provide a production timeline for its semi truck or second-generation Roadster sports car, products it unveiled in 2017. Mr. Musk said the pickup truck, which Tesla showed off last fall, might be available by the end of next year "if all goes well." There was also no update on Mr. Musk's April 2019 declaration that Tesla could have one million fully self-driving "robotaxis" on the road by the end of this year.

Fantasies about the future can be far more pleasing than the brutal, competitive nature of the day-to-day auto business. For Tesla shareholders, confusing dreams with reality is still likely to prove expensive, eventually.

—Charley Grant

An Hermès Trend Others Hope to Copy

Sales increased in the third quarter and Chinese shoppers aren't the only ones driving demand

Wealthy people used to buy designer goods on their travels. Now they might be buying them because they can't go anywhere.

On Thursday, French handbag maker **Hermès** became the first major luxury-goods company to report a return to growth in the third quarter. Sales at constant currencies increased 7% compared with the same period of last year. Analysts anticipated a slight decline.

The Chinese are driving most of the recovery, but not all. The level of demand from local European and U.S. consumers in the summer was a surprise at both Hermès and **LVMH Moët Hennessy Louis Vuitton**, which reported third-quarter numbers last week. In its Americas region, Hermès sales were 5.2% below their level a year earlier, even though the brand's Hawaii boutiques have been closed since August.

The severity of the pandemic and travel restrictions in the West mean cash that would otherwise be spent on holidays or in restaurants is finding its way into the tills of designer brands. Consultants at Bain forecast a sales decline of 20% to 35% across the global luxury-goods industry in 2020. If shoppers have fewer opportunities to spend on experi-

ences, the high end of that range may be too pessimistic.

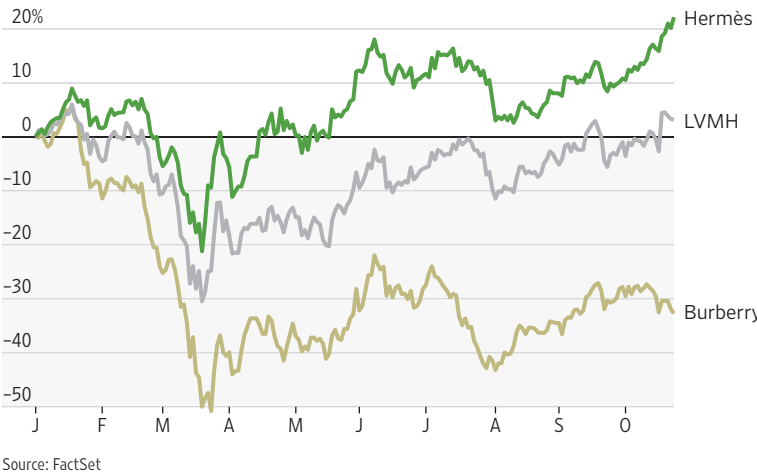
For now, investors are betting the biggest luxury brands will hoover up all the spoils. Hermès stock is up 23% this year. LVMH, whose most important assets are Christian Dior and Louis Vuitton, gained a more modest 4% as its duty-free retail and cosmetics businesses are highly exposed to airports.

Top brands have grown much faster than the luxury-goods industry as a whole in recent years. Still, signs that shoppers are buying again in mature markets might be positive news for the laggards too. Shares in **Burberry** and **Cie. Financière Richemont**, which owns Cartier as well as lots of smaller Swiss watch brands, are down around one-third and one-fifth respectively this year. They may have more potential to surprise investors than blue chips such as Hermès, whose stock rose less than 2% on Thursday.

Selling to Chinese consumers is still crucial for luxury companies, but the recovery will be faster if shoppers close to home are splashing out, too. Hermès and LVMH's flagship leather-goods division might not be the only ones to benefit.

—Carol Ryan

Share-price performance, year to date



Housing Boom May Not Outlast Covid Crisis

The housing market has been an unexpected winner during the Covid-19 crisis. But what will it look like when the crisis has passed?

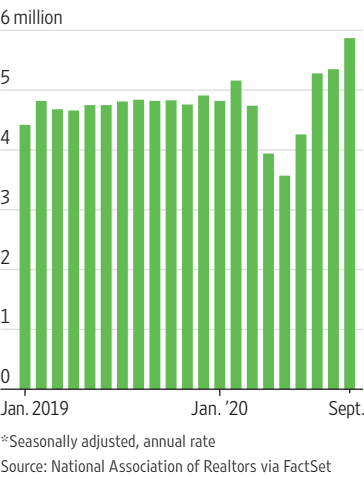
Housing usually gets trounced during recessions, but the Covid downturn is different. After falling sharply during the spring shut-downs, sales of both new and existing single-family homes came roaring back, and now are well above their precrisis levels. The National Association of Realtors on Thursday reported that sales of existing, or previously owned, homes rose by a seasonally adjusted 9.4% in September from August and were up 21% above their year-earlier level. Sales of single-family homes—both existing and newly built—were particularly robust and would likely be even higher if the inventory of available homes wasn't so low. In the absence of adequate supply, prices have gone up instead.

There are, broadly, three forces behind housing's resurgence. First, while the crisis put millions out of work, those job losses have been concentrated in lower-paying services industries, so those hit hardest tend not to have the means to buy a house in any circumstances. Meanwhile, the higher-income earners who generally can afford a house have weathered the downturn much better.

Second, the downturn, and the Federal Reserve easing efforts it brought forth, led to a sharp decline in borrowing costs. The average rate on a 30-year fixed mortgage has fallen to 2.8%—its lowest level on record—from 3.7% at the start of the year. That has made it, on balance, easier for many people to afford a house.

Finally, the pandemic prompted many people to move away from urban centers, such as New York City, to more socially distant accommodations in the suburbs, while the work-from-home revolution convinced some to move even farther afield. There was also a rise in demand for vacation and second homes.

Single-family existing home sales*



Postcrisis working remotely from a vacation enclave might not be as easy as some expect. And it might not take more than one winter for people who fled to rural redoubts to decide that country life isn't for them.

But the bigger issue is that the crisis may have, in effect, pulled forward a lot of housing activity that would have happened in any case. Couples with children throwing in the towel and moving to the suburbs isn't exactly a new phenomenon. Many of the people who decamped this year might have otherwise done so over the next few years. So when the crisis ends, the pool of people ready to take flight to the suburbs might be smaller.

And regardless of where they live, the absolute number of people able to make the move to homeownership may be limited as well. Many members of the millennial generation saw early career setbacks following the financial crisis, and now, as they enter their prime earning years, another crisis has struck.

Ultimately, how the housing market will perform in the post-Covid world will depend on how robust the economy proves to be, and the degree to which the scars the pandemic has caused fade. The jury is still out.

—Justin Lahart

OVERHEARD

The people behind last December's viral "Peloton wife" ad probably feel a little bit better about themselves now. The company came in for a lot of heat, but in the end it didn't matter—sales of its stationary bikes and treadmills boomed once the pandemic hit U.S. shores a few months later. Peloton's shares are up by 330% year-to-date.

They also can be reassured by a competitor's advertising efforts. Nautilus Inc.'s Bowflex introduced a bike last month that tilts. A video on its site for the new VeloCore (un)stationary bike evokes a late-night infomercial sensibility. It shows riders sweating through workouts on the tilting bike while an old-school voice-over delivers a cringeworthy sales pitch. VeloCore promises to "ignite your arms and



Peloton is seeing new competition.

shred your core." On the bike, you can binge-watch your favorite streaming shows, all while "crushing your A-game." The narrator ensures viewers that "this puppy has bells and whistles," including a media rack, the suggested use of which includes professional Zoom calls on your tablet while riding.

Nautilus has seen its shares do even better than Peloton's, rising 1,300% year-to-date. Bowflex's website says demand is so high that delivery times for the VeloCore are three months.

These days, fitness equipment sells itself—which wouldn't be a bad idea.

SCOTT HEINS/GETTY IMAGES

Oil-Field-Services Companies Look Beyond Oil

It was one thing when oil-field-services companies slashed costs alongside their struggling customers. It is quite another to court industries that could replace them.

In the second quarter—when oil prices briefly plunged below zero—oil-field-services giants **Schlumberger**, **Halliburton** and **Baker Hughes** told a common story centered on sizable cost cuts. Now that those moves are bearing fruit, third-quarter results from all three show them considering the next step, including hydrogen, carbon capture and geothermal energy.

That pivot seems apt, geographically speaking, as they face worse rig-count declines in North America and turn their focus to their more resilient international operations with customers such as **Shell** and **BP**, which are taking big steps toward the clean-energy business.

By Halliburton's count, the U.S. rig count fell 35% sequentially in the third quarter, while international rig count edged down 12%. Those numbers start to look dire once one factors in the respective 50% and 22% sequential declines the U.S. and international segments

saw in the preceding quarter.

The companies' forays into saving the planet are largely aspirational so far: Halliburton emphasized on its earnings call Monday that most of its capital expenditures will still be in its core oil-service business. In an earnings call Wednesday, Baker Hughes clarified that its hydrogen ambition is more of a long-term goal. Symbolically, it

The good news is the companies' bottom lines improved at a tough time.

is quite a big step—outside of geothermal energy, much of the companies' business is focused on carbon-intensive activities.

The good news from the most recent quarter is the companies' bottom lines improved at a tough time. Despite a drop in revenue for the quarter ended Sept. 30 compared with the preceding one,

Schlumberger posted an 87% sequential rise in operating income. Halliburton's operating margin returned to positive territory after three consecutive quarters in the red. Baker Hughes posted a sequential revenue increase thanks to its turbo-machinery segment.

Meanwhile, America's oil patch is reacting to tough times by consolidating. Just this week, two deals were announced among independent exploration and production companies—the latest being **Pioneer Natural Resources** and **Parsley Energy**. While synergies are exciting for the companies, they are bad news for companies providing services to them.

Nevertheless, Halliburton Chief Executive Jeffrey Miller said on a Monday earnings call that the company believes "the world needs a lot of oil and gas for a very long time." For those who agree, oil-field-services companies traded at significantly lower forward earnings multiples than big, integrated oil and gas companies. It helps that they can always start moving their shovels elsewhere if things get really bad.

—Jinjo Lee



Home Safe
Lead and radon tests can help find these hidden threats. **M14**

MANSSION

THE WALL STREET JOURNAL.

Kiss Off
Gene Simmons lists Calif. home to leave high taxes behind. **M3**



HOMES | MARKETS | PEOPLE | REDOS | SALES

Friday, October 23, 2020 | **M1**

A Hollywood Film Composer Lists His Offbeat Estate

Danny Elfman, longtime collaborator with ‘Corpse Bride’ and ‘Beetlejuice’ director Tim Burton, allows a look at the taxidermy, animal skeletons, bones, movie props and antiques that he collected with his wife, Bridget Fonda—just in time for Halloween



Estate listed for \$14.6 million

The main living room of the historic Danny Elfman-Bridget Fonda home is a mix of restored details and collected objects. **1.** Original wood-beam ceiling. **2.** Skeleton of a ‘very old’ spider monkey. **3.** A wood snake bought by Ms. Fonda from writer Truman Capote’s estate. **4.** Part of an antique-doll collection. **5.** A taxidermy gharial, or small crocodile, jutting out of the wall.

By KATHERINE CLARKE

Composer Danny Elfman has long been a collector of the weird and the wonderful. It all began in Mali, where he bought his first skeleton, carved from a single bone, while on a trip after graduating high school. Now, his home is packed with such oddities—from 19th-century taxidermy to religious artifacts to bones. It is, perhaps, an unsurprising hobby for a man who has composed the scores for many dark and unusual films, such as Tim Burton’s “Beetlejuice” and “The Nightmare Before Christmas.” “I have so much stuff,” Mr. Elfman said. “Every space I have is filled everywhere. I can’t get enough shelf space, table space and wall space.” Now, Mr. Elfman’s unusual universe is on display



for the first time. His longtime home, a 1920s mansion in the Hancock Park neighborhood of Los Angeles, is coming on the market. Mr. Elfman has lived there for close to two decades with his wife, actress Bridget Fonda. A few years ago, Mr. Elfman purchased a neighboring home to the rear of the main house that is used mostly by his wife. The homes are listed for a combined \$14.6 million. The couple’s collections aren’t for sale. Mr. Elfman bought the roughly century-old mansion for \$2.13 million in 2000, records show. It was before he and Ms. Fonda began dating, and refurbishing and decorating it became the story of their courtship, he said. The couple, both born in L.A., would meet for lunch and then spend long afternoons in antique stores in West Hollywood looking for sconces and chandeliers. They married in 2003 and have a 15-year-old son. Mr. Elfman also has two older children

Please turn to page M4

Creating the Modern Work-From-Home Home

The pandemic may not last forever, but housing developers are betting some portion of the work-at-home revolution will remain: replacing movie theaters and social lounges with Zoom-call rooms, socially distant co-working spaces and even a TikTok studio

By KATY McLAUGHLIN

WHEN RIC BUCHER, a television and radio basketball commentator and writer who is a familiar face on Fox Sports, finished a roughly \$40,000 office remodel in his Half Moon Bay, Calif., home, he wondered if it was worth it. His workspace, completed about three years ago, was soundproofed, professionally wired, attractively lit, and rigged with professional-grade cameras and microphones. The idea was that if he ever needed to record a podcast or tape a television segment from home, he could. “It was a very expensive proposition, and we asked, ‘are we doing the right thing?’” Mr. Bucher, 59, said of conversations with his wife, Corrine Bucher. Then the pandemic hit. Now Mr. Bucher is able to tape and record studio-quality segments for national Fox Sports shows and for his podcast. “There is no question that it has been a huge benefit to my career,” he said.



Ric Bucher, a television and radio basketball commentator and writer who is a familiar face on Fox Sports, is able to work from his remodeled home office in Half Moon Bay, Calif.

Mr. Bucher’s renovation, with its focus on making him look and sound good on camera, may have once seemed specific to his unique profession. But today, developers and home builders believe that the future, even after the virus is under control, will involve a lot more work from home, videoconferencing, and remote collaborating. To accommodate this new landscape, they are crossing out blueprints that allocated space to movie theaters, game rooms, or lounges, and are using the square footage for co-working spaces, Zoom-call rooms, podcast recording areas and TikTok studios. They are wiring garden areas and pool decks with commercial-grade Wi-Fi and USB ports, and designing in-home offices with separate entrances, soundproofing and souped-up air filtration. And while some city denizens are abandoning multiunit living for the moment, developers are betting that those who remain, and

Please turn to page M12

MANSION

LIVING HISTORY

On Cape Cod, A Manse’s Tale

The 140-year-old home in Woods Hole was once considered for use as the Summer White House

By JACI CONRY

Perched on a knoll overlooking the meeting point of Buzzards Bay and Vineyard Sound, a majestic 7,539-square-foot home on Juniper Point has long served as a beacon to boaters that they are about to enter Woods Hole, a tiny village in Falmouth in the southwest corner of Cape Cod, Mass.

The eight-bedroom, 7½-bath-room home, built in 1880, also plays a role in the area’s history. It was built as a summer haven for Daniel W. Butler, a wealthy shoe manufacturer in Boston. Butler returned to his native Falmouth after he retired.

In 1910, Charles R. Crane, the eldest son of R.T. Crane, the founder of the Crane plumbing-parts company, bought the home and created a family legacy following an extensive redesign, according to documents from the Woods Hole Historical Museum.

Crane hired Chicago architectural firm Purcell & Elmslie—the second-most-commissioned firm of the Prairie School after Frank Lloyd Wright—to do the renovation.

Inside, the home was winterized, and new bedrooms and a kitchen wing were added, as was one of the first residential elevators. More porches also were added. Outside, several outbuildings were built on the 17-acre property, including an icehouse, a library, a boathouse and gardeners’ cottages.

In the book, “The Life and Times of Charles R. Crane, 1858-1939,” biographer Norman E. Saul writes that the well-traveled Crane used his wealth to aid causes that interested him. He introduced Russian studies to the curriculum of several universities and was instrumental in getting party leaders to endorse Woodrow Wilson in the 1912 presidential election. He went on to hold diplomatic roles for the president, including ambassador to China.

In 1920, Crane offered the pres-



Fireplace is hand-carved oak

ident the use of his home on Juniper Point as the Summer White House. Newspapers, including the Boston Post, buzzed with the story that Wilson and his entourage would be spending the season on Cape Cod. But the Secret Service decided that the location would present obstacles to the president’s protection and that the house couldn’t accommodate the executive staff.

After more than 100 years in the family, the Cranes’ lively summer parties and endless streams of guests dwindled to the point where they no longer needed a sprawling manse. The acreage was divided among family members, who then built homes on the point.

In 2018, the property had been on the market for four years and was in tough shape when Judy McClain and Howard Grosser bought it for \$4 million as their year-round home. They then spent about \$5 million on renovations.

Mr. Grosser, 63, had lived in Falmouth and loved the area. “The house was basically uninhabitable,” he said. “There may have been one working toilet in the whole place.”

“It hadn’t been renovated since 1910,” added Ms. McClain, 58.

The couple considered knocking down the house, but the framing was in good shape and current restrictions wouldn’t allow for the cupola tower to be rebuilt at its lofty height of 45 feet. They also decided the historic home’s architectural details should be preserved, including the beveled-glass pocket door and alabaster light



One of eight bedrooms, left, in the 1880 home, built on Juniper Point with wide views of the coast, below. Bottom: The kitchen has one of its three original pantries, with a century-old zinc sink.

in the dining room, the marble surrounds on many of the home’s seven fireplaces and the neoclassic built-ins in Crane’s former study.

Ms. McClain said their plan was split the home in two, making two-thirds of the house their home and turning the remainder into a condominium to sell.

Mr. Grosser, who ran an architectural millwork and carpentry business, was the general contractor for the renovation, which took two years and required new plumbing and electrical systems, and all new windows. Aside from combining some small rooms to make a large master suite and ensuite bathrooms, the floor plan is intact. Spaces are airy and integrated, and the expanses of glass provide unfettered ocean views from nearly every room.

“The intent was to honor the house,” said Ms. McClain. The home’s maple, quarter-sawn oak, cypress and heart-pine floors were removed, re-milled and reinstalled. Moldings and trim were touched up or replicated to match the original craftsmanship, and light fixtures designed by Purcell & Elmslie were retrofitted for another century of use. Most of the home’s original five-panel doors remain. The original kitchen had three pantries. The remaining one has a century-old zinc sink and sturdy wood countertop.

Rebuilding the structure’s nine porches—totaling 2,600 square feet—was among the most ardu-



ous and costly aspects of the project, said Mr. Grosser, who worked on each one. Alternately, the cupola, accessible by a fixed ladder from the third floor, needed only exterior painting.

“This house is all about how it intersects with the outside,” said Ms. McClain, sitting on a built-in bench in the cedar-clad cupola, which offers views of the coast to Rhode Island. “There’s a sense of seclusion without isolation. Even up here, you still feel connected.”

The pandemic changed their perspective, said Ms. McClain, who is from Rhode Island and is a yoga and meditation teacher and writer. “Living away from family and friends was very difficult for us. We realized we really needed to be back living with them in Newport.”

Now on 2 acres with more than 380 feet of waterfront, the house is divided into two units that can be combined. The home was put on the market in July for \$7.7 million and an offer was accepted this month. It was listed by Sotheby’s John Weyand.



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PRIVATE PROPERTIES

Gene Simmons
Wants Out of L.A.

It was shortly after he met his future wife, model Shannon Tweed, at a party at the Playboy Mansion in 1983 that rock star and Kiss frontman Gene Simmons began looking for a home the couple could share. They quickly found a secluded ranch house on a hillside in the Benedict Canyon area of Los Angeles, far from “tour buses with well-meaning tourists from Sandusky, Ohio,” he said. They bought it in 1984 for \$1.35 million.

Nearly four decades later, the couple is putting the property, which they later redeveloped into a sprawling European-style mansion, on the market for \$22 million. They are moving to a 24-acre estate in Washington, near Mount Rainier, to escape the tax burden of living in California, Mr. Simmons said.

“California and Beverly Hills have been treating folks that create jobs badly and the tax rates are unacceptable,” he said. “I work hard and pay my taxes and I don’t want to cry the Beverly Hills blues but enough is enough.”

They spent about five years building a bigger home on the property after the birth of their two children. The resulting roughly 16,000-square-foot mansion spans three levels. Mr. Simmons estimated he has spent \$12 million on the home.

The interiors look classic and European in style, with a dramatic entry foyer with a domed ceiling, an enormous open-plan living room with



roughly 30-foot-tall windows, a formal dining room and a sitting room with painted coffered ceilings and a fireplace. There is also a pool room, a wine cellar and a library.

The property has numerous wrought iron terraces that overlook the gardens. “You can open the doors and walk out on your balcony like Mussolini waving out at his fascist crowd,” Mr. Simmons laughed.

Mr. Simmons has reserved three rooms for his extensive collection of Kiss memorabilia, which includes framed discs, early album concept art, guitars, figurines and pinball machines. One room is dedicated to merchandise from a collaboration between Kiss and the brand Hello Kitty. “We did everything from condoms to caskets,” he said. “We’ll get you coming and we’ll get you going.”

The memorabilia rooms can become bedrooms, for a total of seven, he said.

Listing agent Josh Altman of Douglas Elliman, who is listing the property with his brother Matt Altman, isn’t concerned about a tax exodus from L.A. “For every person leaving, there’s another person coming in,” he said.

—Katherine Clarke

FOR SALE
\$22 MILLION
16,000 sq. ft., seven bedrooms, 30-foot windows, wine cellar, library



‘The Great One’ Lists
Twice-Owned Estate



A sprawling Colonial Revival-style estate in Thousand Oaks, Calif., owned by retired ice hockey star Wayne Gretzky and his wife Janet Gretzky, is coming on the market for \$22.9 million.

For the Gretzkys, the story of the house, which is located in a gated, country club community, has come full circle. They built it about two decades ago following Mr. Gretzky’s retirement, sold it in 2007, then bought it back again in 2018. Before retirement, Mr. Gretzky played for the Edmonton Oilers, the Los Angeles Kings, the St. Louis Blues and the New York Rangers.

“We first experienced and loved the Southern California lifestyle during Wayne’s tenure with the L.A. Kings,” Ms. Gretzky said in an email. “So when Wayne retired in 1999, we decided that there was no better place to raise our children than here in Southern California.”

The couple bought a 6.5-acre parcel of land on a promontory sitting above the Sherwood Country Club with 360-degree views of the Santa Monica Mountains and Lake Sherwood. They commissioned the architect Richard Landry to design the estate.

The resulting six-bedroom, roughly 13,000-square-foot house, completed in 2002, is built with red brick and classic white columns. A large terrace with ornate white railings overlooks the pool. A dramatic motor court in

front has an ornate fountain and a porte cochere. Inside, the property has a large entry foyer with a sweeping staircase, detailed moldings and arched doorways. An outdoor bridge leads from the main house to a carriage house, one of two guest homes on the property.

The Gretzky estate also includes several outdoor verandas, a screening



FOR SALE
\$22.9 MILLION
13,000 sq. ft., six bedrooms, 6.5 acres, two guest houses, pool

room, a billiards room, a gym and a championship tennis court. The country club facility has numerous tennis courts, including hard, grass and clay courts, and a golf course.

The Gretzkys sold the house in 2007 for \$18.5 million, records show. At the time, they were traveling back and forth from Arizona where Mr. Gretzky was working as head coach of the Phoenix Coyotes, and they decided to build a

home there, Ms. Gretzky said. When they returned to Los Angeles a few years later, they decided they wanted the house back. They bought the house from a subsequent owner in an off-market deal in 2018 for \$13.5 million, records show.

“My teenage daughter Emma became serious with her tennis and all I could see was how great it would be to have our home back,” Ms. Gretzky said. “It has felt great—like we never left.”

Ms. Gretzky said the couple is selling because their children have grown up and they want to be closer to their grandchildren in West Palm Beach, Fla. She said they have fond memories of the property, from the moment they brought their newborn daughter Emma home three weeks after finishing construction to, more recently, watching their son propose to his girlfriend in the front garden.

He was “smiling, laughing, and pointing up at a plane that flew across the sky with a banner that read ‘I love you Sara, will you marry me?’” she said.

Listing agent Arvin Haddad of The Agency said Thousand Oaks is “kind of considered the suburb of L.A.”

“It’s Southern California without the hustle and bustle of L.A. It’s not Hollywood,” he said. “Janet and Wayne wanted to raise their kids in a normal fashion as much as they could.”

—Katherine Clarke

A Vail home seeks one of the highest sale prices in the area. **M16**

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Elfman Home Is for Sale

Continued from page M1
from a previous relationship. Ms. Fonda’s films include “The Godfather Part III” and “Single White Female.” She is the daughter of Peter Fonda, the granddaughter of Henry Fonda and the niece of Jane Fonda.

“One of the things my wife and I bonded over is that we both had taxidermy,” Mr. Elfman said. He noted that he has a strong preference for pieces from the 19th century or earlier. “That’s where I draw the line. I don’t know why I feel less guilty if it’s over a century old. It’s like it’s now taken on a different life or something.”

The composer said he was drawn to the house’s authenticity. He had been looking for a property from that period, but everything he looked at was 1920s on the outside and 1980s on the inside. “I was looking for something that hadn’t been all redone,” he added.

The six-bedroom home, in the gated community of Fremont Park, fit the bill exactly. Though it was in some disrepair, the 8,346-square-foot mansion had many original details: elaborate carved-stone fireplaces, decorative columned doorways and gilded coffered ceilings. The piece de resistance: a large ballroom with dramatic vaulted ceilings. The room was designed by an early owner of the house, the real-estate developer Willits J. Hole, in the late 1920s as a gallery for his collection of Old Masters, according to a historical report on the house commissioned by Mr. Elfman.

The restoration took about three years and roughly \$3 million, the composer said. “There was a point where I was kicking myself, like I’m putting all this money in and I don’t even get an extra room,” he joked.

The expenses were a runaway train. “There was a point where my



From the top: The main home’s main living room, a second living room decorated by Bridget Fonda and the dining room. Below, the retro kitchen in the estate’s second home, bought for Ms. Fonda in 2015 for \$3.6 million.



business manager would call and beg me to stop,” Mr. Elfman said. “He was like, ‘Danny, enough!’ But there’s a certain point where you’ve committed to a project and you have to see it through.”

The result is a lens into the couple’s eclectic world. The property’s main living room, which has original wood-beam ceilings and a huge stone fireplace, is filled with religious art from South America. A wood snake on a side table was purchased by Ms. Fonda from the estate of writer Truman Capote.

The taxidermied head of a gharial, or small crocodile, pokes out from the wall. On the coffee table, the skeleton of a “very old” spider monkey provides a centerpiece for the room. In the dining room, vintage dolls are lined up on the mantel and a taxidermied turkey rests on a side table. An antique carved-wood dining table complements a gold-hue coffered ceiling.

The composer said his oddities vary dramatically in value.

“If you took a dozen things from any room and lined them up, some of them might have intrinsic value and be very old and authentic. And some of them are really cheap stuff I found at swap meets and flea markets. I have no sense of value,” he said.

The couple uses the ballroom as a screening room or, on occasion, for parties or performances. Mr. Elfman has basement space beneath the ballroom for his own studio, where he has composed much of his work over the past two decades.

Directors such as Mr. Burton, Guillermo Del Toro, Sam Raimi and Gus Van Sant have visited the studio to collaborate on their movie scores. He and Mr. Burton share a particularly close working relationship, as well as an interest in the ghoulish and monstrous. They have worked on close to 20 films together over the three decades since they initially teamed up for “Pee-wee’s Big Adventure” in 1985.

Above his consoles, Mr. Elfman has hung a series of marionettes designed by his friend, New York puppeteer Erik Sanko. The studio also is filled with souvenirs from movies Mr. Elfman has been involved in. A robotic squirrel is from the set of Mr. Burton’s “Charlie and the Chocolate Factory” and a puppet from that director’s “Corpse Bride” is in a glass bell jar. “With each animated film I did with Tim, I got one of the puppets,” he said.

In 2015, when the house that abuts the mansion came on the market, Mr. Elfman bought it for

‘One of the things my wife and I bonded over is that we both had taxidermy.’

—Mr. Elfman on wife, Bridget Fonda



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MANSION



\$3.6 million for Ms. Fonda, who had been admiring it for years. The 4,238-square-foot, four-bedroom house dates to 1916 but was renovated in the 1970s and has a retro bar and a bright yellow kitchen with vintage wallpaper depicting fruit, Mr. Elfman said. The composer said he didn't see the property before purchasing it.

When the couple has visitors, the house provides extra bedrooms, but it is mostly just a private refuge for Ms. Fonda. "What's the opposite of a man cave?" he asked with a laugh. Mr. Elfman said he never expected to sell the properties, but when the pandemic hit, he and Ms. Fonda and their son headed to their ranch near Santa Barbara,

The 1920s main home has many of its original details, such as carved-stone fireplaces and gilded coffered ceilings.

which Mr. Elfman has owned for about 25 years. The couple settled there for what they thought would be about a month, but loved the lifestyle and didn't want to return to L.A.

"There was a point about halfway in when we realized we're more comfortable and happier there," he said.

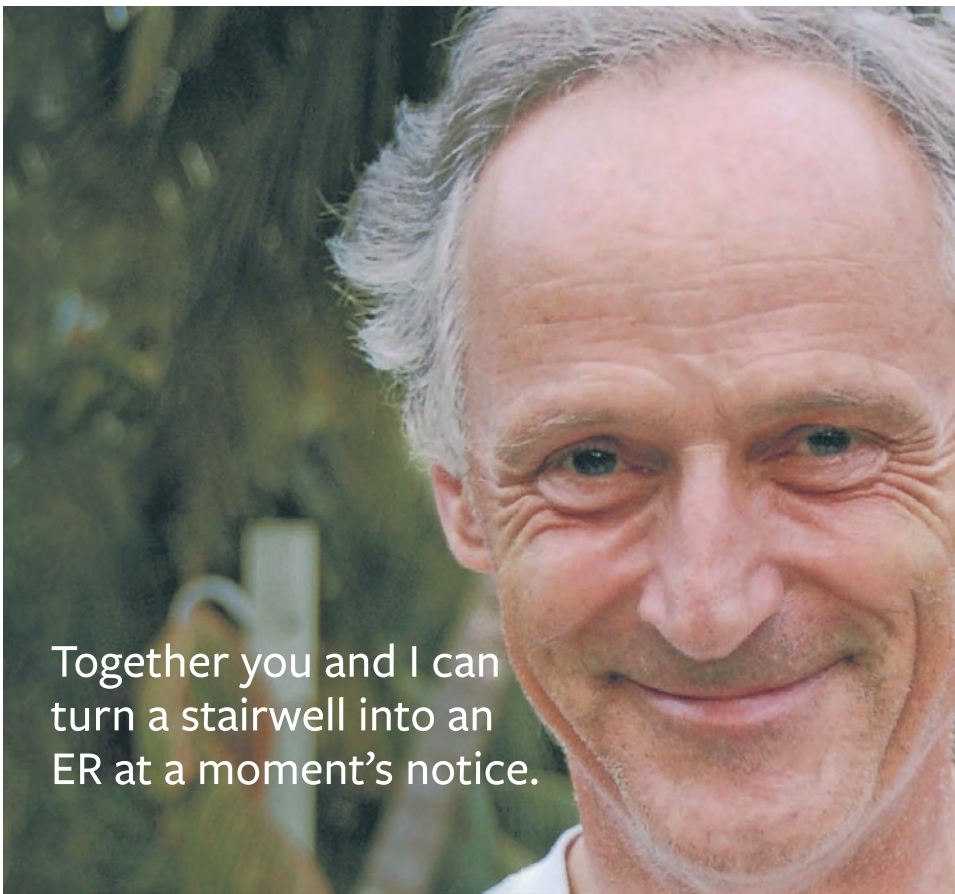
Mr. Elfman won't be short on oddities at his other home. It is filled with big architectural pieces from his travels to India, Pakistan and the Afghanistan border, he said.

The couple plans to buy a smaller L.A. home where they can stay until their son graduates high school, but L.A. will no longer be their primary home, Mr. Elfman said.

The properties are available separately or as a pair, according to the listing agents, Rayni and Brandon Williams of Williams & Williams. If sold separately, the main home is asking \$8.8 million and the smaller one is \$5.8 million.

Ms. Williams said Hancock Park has always drawn actors, artists and musicians because of its central location close to the big Hollywood studios. It is also more affordable than the communities of Bel-Air or Beverly Hills. "A buyer can still purchase a gated estate on a large lot very reminiscent of old Beverly Hills for a competitive price," she said.

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Special Advertising Feature

Florida Properties



SOUTH FLORIDA IS CALLING

by Tonie Auer

South Florida luxury living goes beyond the allure of sunny beaches and ocean breezes. With lavish homes along the shoreline and abundant amenities within walking distance, the appeal of living there revolves largely around experiences.

“The beaches and weather are natural attractions. When you live here, every day feels like paradise,” says Candace Jorritsma, director of sales and marketing for El-Ad National Properties, developer of the ALINA Residences, a luxury condominium development in Downtown Boca Raton.

TROPICAL OASIS IN THE U.S.

The weather is the number one factor for homebuyers to look at South Florida, says Jim Cohen, president of residential for Fontainebleau Development, which developed Turnberry Ocean Club Residences in Sunny Isles Beach.

“It is a great, tropical environment in the summer and the winter. There are no zero-degree days here,” Cohen says. “South Florida’s cultural growth has created an excitement with world-class restaurants coming into the city along with high-end unique retailers within a few miles of our property. And, since the beginning of COVID-19, outdoor space has become a priority; people really value the ability to spend time outside in a great climate.”

The 121-unit ALINA benefits from the delightful temperatures and water among the warmest in the America. “Where else in the United States can you get as much sun as you do here,” Jorritsma says. “South Florida has always been a haven for people across the country.”

HOME SWEET HOME

Homebuyers attracted to the sunny skies and sandy shores come in all shapes and sizes, from families to empty nesters. When it comes to ALINA, “local downsizers are really attracted to the range of floor plans,” Jorritsma explains. “These buyers are moving from huge single-family homes and want to maintain a similar square footage, but not the upkeep. ALINA offers options ranging from nearly 2,000 square feet to nearly 5,000 square feet, with something for every kind of homebuyer.”

Each residence features expansive terraces to take advantage of outdoor living.

Continued on Page M8

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“We’ve really created sky homes that include two-level units with 20-foot-high ceilings and pools and hot tubs on the terraces with fabulous outdoor living space.”

— JIM COHEN
PRESIDENT OF RESIDENTIAL, FONTAINEBLEAU DEVELOPMENT



ALINA Residences overlook the iconic Boca Raton Resort & Club (left); luxury living with a view at Turnberry Ocean Club Residences (right).

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PLANNING
GREEN
FEATURES & FUTURES

by Tonie Auer

When Oceana Bal Harbour was in the planning stages, developer Eduardo Costantini of Consultatio Real Estate made the choice to incorporate sustainable features into the construction of the high-rise luxury residences to help offset its carbon footprint.

“We looked at it as our social responsibility as developers,” says Ernesto Cohan, Oceana Bal Harbour director of sales. “It’s like adding our small part to the big picture; we can contribute to the environment in a meaningful way.”

Oceana is LEED-certified (Leadership in Energy and Environmental Design), which is the most widely used green building rating system in the world, measuring the environmental performance of buildings based on the overall characteristics of the project.

“From the beginning, we designed Oceana for the LEED designation. What we have created is a balance of beautiful architecture and design with an environmental conscience,” Cohan says. “Environmentally friendly work was something of keen importance to us.”

GREEN, TOP TO BOTTOM

Oceana keeps 85% of its land sustainable, with the residential tower occupying only 15% of the 5.5-acre site. “We recognized that green areas are important to the residents and the lifestyles they desire,” he says.

Additionally, the parking facilities are built underground, which is expensive and not the norm in Miami.

“It required some ingenuity by the engineers to do multiple levels of parking underneath, but it was important to maintain those green areas to be walking areas for residents. When you drive into Oceana, you’re not going up a ramp,” Cohan

Continued on Page M10



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The 240-residence glass tower is developed by art and real estate mogul Eduardo Costantini and designed by architect Bernardo Fort-Brescia of Arquitectonica, with modern interiors by Italian designer Piero Lissoni and landscaping by Enzo Enea. The property, renowned for its extensive art collection, includes two monumental works by Jeff Koons, *Seated Ballerina* and *Pluto and Proserpina*.

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Ballerina (seated) – Jeff Koons

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STRATEGIC PROPERTY PARTNERS



INTERFACE MEDIA

The exterior of The Residences at The Tampa EDITION, located on Water Street, the district’s namesake (left). Walkability and lush landscaping are hallmarks of the vision for Water Street Tampa (above).

Continued from page M6

European-style gourmet kitchens are equipped with professional-grade Miele appliances and wine refrigerators. An open-concept layout with up to 11-foot ceilings in living areas and full-floor sliding glass doors and windows is also standard, she adds.

Indoor-outdoor living reigns in South Florida to get the full benefits of the sunshine and ocean breezes. The Residences at The Tampa EDITION features floor-to-ceiling windows and private wraparound terraces that create seamless indoor-outdoor living and abundant natural light, says the project’s developer, James Nozar, CEO of Strategic Property Partners.

The high-rise is limited to just 37 one-of-a-kind homes designed by world-renowned Morris Adjmi Architects. Spacious interiors inspired by AD100 design firm Roman and Williams showcase 10-foot ceilings, custom fixtures and top-of-the-line appliances. “Homes like these have never existed before in Tampa,” he says. “Residents enjoy a full suite of private amenities and dedicated residential services as well as private elevators and secure garage parking above a five-star hotel.”

Turnberry Ocean Club Residences, located between Fort Lauderdale and Miami, right on the coast, also benefit from bringing the outdoors in — even 30 stories up.

“We’ve really created sky homes that include two-level units with 20-foot-high ceilings and pools and hot tubs on the terraces with fabulous outdoor living space,” Cohen says about the Turnberry Ocean Club Residences, which feature 154 units ranging from 3,110 square feet to 10,750 square feet.

“They are like a large luxury home in the sky. But, when you close the door, there are no maintenance headaches. Another nice touch is that our private elevators open directly into residents’ apartments,” Cohen adds.

It’s all about focusing on the details, he says. With Turnberry’s long history of developing in South Florida, many of today’s homebuyers are the children and grandchildren of other Turnberry property owners.

APPEALING AMENITIES

Buyers are also attracted to the lifestyle of the area. ALINA, for example, overlooks the iconic Boca Raton Resort & Club and offers walkability along Mizner Boulevard, with easy access to the city’s top offerings in terms of dining, shopping, culture and entertainment.

On premises, ALINA boasts more than 32,000 square feet of private outdoor amenity space, a rooftop pool deck with cabanas and lounge areas, on-site concierge services and 24/7 security, valet and reception staff. Residents may indulge in his-and-hers spas with treatment, relaxation and steam rooms, as well as saunas and a state-of-the-art fitness center.

The Residences at The Tampa EDITION places its dwellers in the heart of an innovative, vibrant city offering sparkling waterfront views, world-class dining, retail, sports, entertainment and cultural attractions. Class-A offices and more can be found right outside its doors in Water Street Tampa.

“The neighborhood has been built around wellness, connectivity, walkability and sustainability — factors that have never been more relevant for living today,” Nozar says. “All the benefits of Florida living are here with a well-rounded luxury lifestyle combining views, amenities and services. In addition to the abundant outdoor space within the residences, there is also the privacy and services offered by living in a five-star hotel-programmed residence.”

That includes private elevators, secure garage parking with electric car charging, rooftop terrace with pool, full-service spa, fitness center, social kitchen and lounge with private balcony, and seven in-house dining outlets programmed by the internationally renowned Ian Schrager Company.

Turnberry Ocean Club Residences also feature great views with the lobby at beach level with 30-foot-high glass walls displaying that ocean panorama. A vanishing pool located in the lobby level and two cantilevered pools located at the Sky Club on level 30 allow for views that follow the sun, Cohen says. On the top floor is a wine bar and restaurant overlooking the city.

Also available to residents, full-time, multilingual concierge service, private beach amenities, including beach service and a mobile massage therapist, an indoor/outdoor fitness center, two furnished suites available for guests and 31 ocean-view cabanas as well as private, enclosed air-conditioned garages available for purchase.

“A lot of people who may have been on the fence about making the move to Florida are really considering it now for many reasons. We have great luxury properties here, a wonderful business climate with no income tax and the great outdoors,” Cohen says.

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Perla Lichi Design created modern interiors in a 1970s vintage condo tower.



This Turnberry Ocean Club Residence features an ocean-view balcony right off the living room.

by **Tonie Auer**

Architects and designers can plan to create houses and luxury towers with zero environmental impact in mind. However, there is still a long way to go in filling customer demand because going green tends to cost more than traditional building practices.

“What I see is about a 50/50 demand for sustainable projects,” says Perla Lichi, owner and interior designer at Perla Lichi Design. “We definitely see it more in the higher-end projects where they take on energy savings. No one wants waste. We’re seeing an increased use of LED lighting and energy-efficient building materials.”

Lichi recently completed a project that updated a 1970s-era condo in Fort Lauderdale called Playa del Sol. Located on the ocean, it was more cost-effective to work with the bones in place than raze and rebuild, she says. The glass was replaced to meet code, while the interiors required updating to include new technology and redesigned spaces, she says. “By reclaiming the existing structure, we incorporated the beach and ocean at a much lower cost than newer buildings nearby.”

“We opened up the space because people don’t want to walk in and have a lot of compartments with dark hallways and lots of walls,” she explains. “On a partition wall, we opened a small window facing the hallway with an ocean view. And we used two-way mirrors to create a view from the kitchen.”

The mirrors not only give the illusion of more space, but also reflect the water instead of the kitchen. To get around the popcorn ceilings, a reflective material was used to cover them and the walls were painted white. “By carrying the color of the walls to the ceiling, it reflects every window and view and gives the illusion of double the height. This is where strips of LED light enhance the look as well,” she adds.

SMART FROM THE START

Sustainable luxury is about living intelligently, says architect Juan Azulay, co-founder and creative director of MTTR MGMT. He recently designed

a Miami Beach home with raised sea-walls to combat tide fluctuations and better protect against hurricanes.

“Southern Florida has several challenges, from rising sea levels to tides and hurricanes,” Azulay says. “Living on the waterfront brings up the challenge of ‘How do you design for that?’ The other challenge is increasing population density, which makes carbon footprints larger.”

Because of this, he encourages clients to look at living smaller and more efficiently. “You can live with smaller but better space. You don’t need a lot of square footage to live well. If you look back at more traditional early 20th-century architecture, space was used more intelligently because resources were thinner,” he points out.

Another move is designing homes at higher elevations. “We are raising the yard and planting it above the first level of the home as a building cover,” Azulay describes. “It reduces the heat island effect and reduces runoff, addressing

the sea-level rise issue and extreme climate. With water management on site, it also reduces erosion.”

Raising the elevation of a home assists in flood prevention, he says. The house is essentially built on a big hill, but without bringing in fill dirt. The concept is to build a flat planting trough and park cars under an elevated yard in a hidden garage.

“This way you don’t have to fill in the yard,” he explains. “The visual noise from the street is better, too, because instead of the sun hitting pavement and surfaces that reflect heat like hardscapes, the microclimate is changed. These are all discreet moves, but the effect at the end is significant.”

Additionally, the elevated gardens on the garage roof take the water into a greywater system to reuse for irrigation. The rain collected at the bottom of the property isn’t running off into neighboring properties or into the streets of Miami, which is a big problem for the region, Azulay says.

The raised yard cools down the project, and there is a tangible effect on the temperature. The amount of hardscape materials are reduced as well, he says. “A combination of all these things can

help achieve a much more sustainable direction for homeowners.”

A LITTLE GOES A LONG WAY

“It is challenging with luxury design because people want what they want,” says Fava Design Group principal designer, Joe Fava. “That is tricky, indeed. We are in the business to design amazing spaces, so sometimes we have to do our own research and select fabrics that are ethically produced as well as paint with a decreased amount of VOCs. Sometimes we specify those things on our own, and there isn’t a conversation with our clients because we are already using them.”

A simple way to reduce water consumption is by using a dual-flush toilet. “Almost all of our projects incorporate these fixtures,” Fava says. “We have a few clients who have requested solar panels as well, but that hasn’t taken off in the mainstream because of the initial expense and the aesthetic of the panels.”

Reducing waste is seamless with smart home technology. “Clients want to control their lights and air conditioning remotely or through smartphones,” Fava says. Automated sunshades also help conserve energy by blocking out the sun at certain times of the day.



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The Atlantic coastline welcomes one of its tallest residential towers, the 54-story Turnberry Ocean Club, located on the northern tip of Sunny Isles Beach. On track for completion by November of this year and developed by Jeffrey Soffer, the all-glass tower will offer 154 designer-ready, flowthrough residences and six floors of luxury amenities — 70,000 square feet in all — including a three-level private club on the 30th, 31st and 32nd floors, two restaurants, a café, a ground-floor infinity pool, duplex poolside cabanas, beach cabanas, a kids’ club and more.

Known for their gracious size, the expansive residences start with three-bedroom layouts of more than 3,000 square feet and range up to a grand 19,365-square-foot, six-bedroom penthouse. Duplex and triplex residences come with private pools and hydrotherapy spas. Residents receive priority access to Fontainebleau Aviation Facility, Turnberry Marina and a one-year complimentary membership to the elite Turnberry Isle Resort & Country Club.

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Florida Properties

The poolside garden at Oceana Bal Harbour features a variety of shades of green with no blooming flowers, so there is no competition with the garden sculptures.



BARRY GROSSMAN

Continued from page M7

says. “You get out of the car and you are seeing the ocean from the ocean level. The expense is worth the rewards that our homeowners get from having all of these open spaces.”

For the energy aspect of LEED, Oceana features two key aspects with its air conditioning and water management. The air conditioning operations have an underground chilling system — with the chillers on ground level — to serve the units of the 29-story tower. Water is distributed from the chiller to eliminate noise and recycle the water, as needed.

Another energy-efficient feature is the window design, Cohan says. The windows are hurricane-force resistant, per city codes, and they go one step beyond with gas fills (special gases pumped inside insulated glass units to improve thermal efficiency) between the inner and outer panes of glass. Because the building is a total glass structure, this specialty glass protects the units from the sun’s UV rays, which is especially important on the south side of the tower in the summer. Another unusual feature of these windows is their size. At 10 feet high by 6 feet wide, they are some of the largest windows in Miami, Cohan says.

Oceana also omitted lights from the balconies and the pool area. One of the biggest threats to endangered sea turtles is loss of habitat due to sea-level rise and urban development. Light pollution can also prove disorienting to sea turtles while they’re nesting. “We

made the choice to help where we can,” Cohan says.

ZERO-IMPACT GOALS

SeKai Residences in Lighthouse Point have been designed keeping LEED standards in mind, without seeking the actual certification, says Adam Adache, managing partner with project developer Cavache Properties. “We are trying to have as close to zero impact as we can,” he says.

The project should start construction soon. It will be a boutique, luxury gated community with a dozen two-story townhomes. Some of the green features of the project include pre-wiring for smart home technology. What that means is homes will possess the technology to control everything from the thermostat to the window blinds, Adache says.

Among the smart home features you’ll find: the ability to control the lights, set triggers for turning the air conditioning off or on, and change the interior temperatures at certain times. Additionally, there are controls for internal and external lighting, he says.

“Turnberry Ocean Club uses the latest in smart home technology and LED lighting to promote energy efficiency throughout the development,” says Jim Cohen, president of residential for Fontainebleau Development. “All of the residences are compatible with smart home control systems, including lighting, media, curtains and shades, and comfort control options.”

The 54-story tower in Sunny Isles Beach also offers a recycling system available at the touch of a button with a building-wide automatic waste-sorting system. “Turnberry Ocean Club meets or exceeds energy and sustainability requirements specified by the Florida Building Code. All of our residences include energy-efficient central cooling and heating systems on a shared water loop with the most efficient gas boilers for hot water. All toilets in the development utilize less water and will be more efficient as well,” Cohen adds.

While the Florida Building Code requires impact-resistant windows in all new construction, SeKai Residences windows meet that requirement while also being Low-E — meaning they have an additional transparent coating that reflects heat, keeping the units cooler in the sunny climate, Adache says.

“We take it a step further with the Low-E glass and that helps considerably,” he adds. “We have also designed the homes to have energy-efficient HVAC units and insulation that also meets LEED-certification standards. With the Low-E glass, units don’t need as much insulation, but we still install high-grade insulation in every unit with energy efficiency in mind.”

“We strive to use organic colors in our paint that require little to no chemical dyes, as well,” Adache continues. “We always request the contractors price sustainable materials wherever they can in their bids.”

WHAT CONSUMERS WANT

As people look for healthier choices in their lifestyles, that spills over into their homes because it’s where they spend the most time, says Jill Hertzberg, broker-associate with The Jills Zeder Group, affiliated with Coldwell Banker Realty.

“People very much want smart homes that are efficiently built. That is huge in our region,” she says. “Miami and the entire coast are all about being green. We have walkable neighborhoods, and people use the bike lanes to avoid taking their cars everywhere.”

There are electric car charging stations and LEED building projects happening all over the city. New construction must meet stringent codes with higher elevations and impact glass; and consumers are demanding even more green elements in their homes, she says.

“People want energy efficiency; having a smart home that turns off the air conditioning when you’re not there or regulates the temperature is part of that. Sprinkler systems that are on timers to be more efficient; lighting control; really controlling everything in the home is what they want,” Hertzberg notes.

“As a developer, you have to be socially responsible for what you are putting up; a building will be there for many years to come. We want to make sure the footprint we leave behind is done in a way that we’re not creating more damage, but mitigating it,” Cohan concludes.

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Florida Properties

CREATING SUSTAINABILITY WITHIN LUSH OUTDOOR SPACES

by *Tonie Auer*

Landscapes are extensions of a building’s architecture — outdoor spaces that go beyond aesthetics, often stretching homes from the inside to the outside. Even more, landscapes add value, from blocking sunlight, which can decrease heat on siding and pavement, to creating microclimates with shade trees.

“Landscaping with a purpose is how we go about every project,” says Enzo Enea of Enea Garden Design. He is the landscape architect for the 57-story Missoni Baia on Biscayne Bay. “Sustainability is integral to our philosophy. For Missoni Baia, we saw an opportunity to connect the landscape with the building in a sustainable way.”

“Creating spaces where people can connect with nature, providing key plant selections throughout, conscious functional spatial design and linking site relationships are the conceptual ideas we focused on to contribute to the success of the project,” Enea says.

BIG THINKING

The goal is always to understand the patterns of the sun to create a microclimate with tree canopy that shades a garden and makes it a comfortable place for people to gather. “When we designed the streetscape and entrance, we wanted to have a lot of vegetation at the base of the building at the pedestrian level so residents and guests can pause to enjoy the landscape around them. We feel it creates a sense of arrival as they enter the building,” he explains.

“The vegetation and landscaping lowers the temperature of the surrounding environment, making it more pleasant to be outdoors on a hot day,” says Vladislov Doronin, chairman and CEO of OKO Group, the developer of Missoni Baia. “Our extensive amenity deck includes five outdoor swimming pools, which help create a cooler atmosphere in the Miami heat when the breeze from the bay flows over the surface of the water, dropping the temperature for the cabanas and nearby relaxation areas.”

The amenity level is quite notable, Enea says. In collaborating on the Missoni Baia designs, the concept was to create an iconic Olympic-size pool with Missoni colors on the terrace while building a microclimate of lush plantings and Pitch Apple trees (*Clusia*

rosea), where users can lie in the sun or enjoy the shade of the cabanas.

PLANTING WITH PURPOSE

The function of the space is the most important facet in the landscape design, says Keith Bongirno, LandDesign director of planning and landscape architecture for the firm’s Florida projects. “Seamless indoor-outdoor living is popular in South Florida, and one of the key components to doing that effectively is creating shade. You can do that through landscape canopy trees, fabric canopies and even trellis features,” he says. “Once you get the form and specs, then you can apply a variety of techniques to create a sustainable design. If a commercial project is going for LEED ratings, then using recycled materials such as decking and glass or aluminum tiles can help.”

Using solar-powered LED lighting is an effective way to illuminate the landscape and outdoor-use areas without a lot of energy consumption, Bongirno says. “Limiting the use of sod and turf and replacing them with drought-tolerant groundcover and using synthetic turf for outdoor activity or pet areas can reduce

irrigation use. Using native plants that are drought-tolerant is also a good idea.”

Bongirno encourages utilizing drip irrigation and bubblers, a form of sprinkler installed next to plants to provide a localized and low-pressure flow of water. Permeable pavers in street and driveway areas can provide an alternative to plants because they self-drain. Light-colored paving provides solar reflectivity as well.

The developer of Turnberry Ocean Club Residences considered many of those issues when planning the landscaping and architecture of its luxury high-rise, which was designed to maximize shade and ocean views, says Jim Cohen, president of residential for Fontainebleau Development. “All our landscaping was selected to prevent beach erosion, and our beach lighting was designed to protect our sea turtles. The plants selected for our landscaping are a mix of native and non-native species with a high salt tolerance as well,” he says.

“Everything we have are special types of green plants that won’t compete with artwork on the property,” says Oceana

Bal Harbour Director of Sales, Ernesto Cohan. “Chances are, we are the only building in Miami that doesn’t have a single palm tree. The only ones we do have are the ones from the city that we were obliged to place on Collins Avenue, but we have none on our property.”

Oceana Bal Harbour features a large Jeff Koons sculpture, *Pluto and Proserpina*, at the entrance, and the landscaping around it features short grass that delicately waves with the breeze to create movement and rhythm, Cohan says.

“You can see the grass sway from side to side — an ethereal feeling. There is no color other than shades of green; no blooming flowers, on purpose. We wanted to ensure that nothing competes with the bright image of the sculpture,” he says. “We did the same thing with the *Seated Ballerina* sculpture in our pool area. We have seating areas around it for residents to relax and enjoy the view, surrounded by nature.”

Tonie Auer is a freelance writer focused on real estate and construction.

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MANSION

Work From Home

Continued from page M1
those who return, will be attracted to a package of work-from-home amenities.

In downtown Los Angeles, Behzad Souferian’s company bought a 606-unit rental building a year ago and rebranded it as the flagship of his new BeDTLA brand.

The building is 95% occupied, with rents ranging from about \$1,800 to \$3,500 a month, he said. But he is rebranding it to reflect what he believes are the needs of this generation of renters. By the end of the year, he will launch a TikTok Studio, a roughly 100-square-foot room with camera-ready lighting, tripod stand and mirrors. The small space will be ideal for one or two people to entertain themselves making TikToks—all the more important “now that bars and nightlife are closed,” Mr. Souferian said.

The building will also have two podcast studios. A space that was a social lounge will be converted into five to 10 work stations where people can be socially distanced from others, he said. There will be no additional charge to use the work-from-home amenities, he said.

“It’s not that we have so many podcasters and influencers in our community now, but we want to create the facilities for these people” to attract them, Mr. Souferian said.

As the pandemic has developed, many building amenities have been closed—sometimes by state or municipal order, and sometimes by building managers themselves. Real-estate companies said that they will comply with regulations and follow the science to determine when common spaces can open or what kind of mitigation—such as limiting capacity—is wise.

Co-working space, a concept devised in a pre-Covid world, may sound ill-suited to today’s environment. Developers said that while the virus is in full force, distancing, plastic dividers and other mitigation can be deployed to make it safe.

In August, Kassie Meiler, 25, moved into the Society Las Olas building in Fort Lauderdale, Fla., which opened in May. The founder of a social-media agency, she calculated that \$1,895 a month for a junior one-bedroom was a good deal because she would not have to spend up to \$350 renting an office in a co-working building.

In Las Olas, Ms. Meiler leaves her unit each day to use a conference room for hours of Zoom calls, she said. So far, nothing has been too crowded and she can always find space. She then ascends to the building’s Sky Lawn, which is a 3,000-square-foot outdoor office with desks and electrical hookups on the 26th floor.

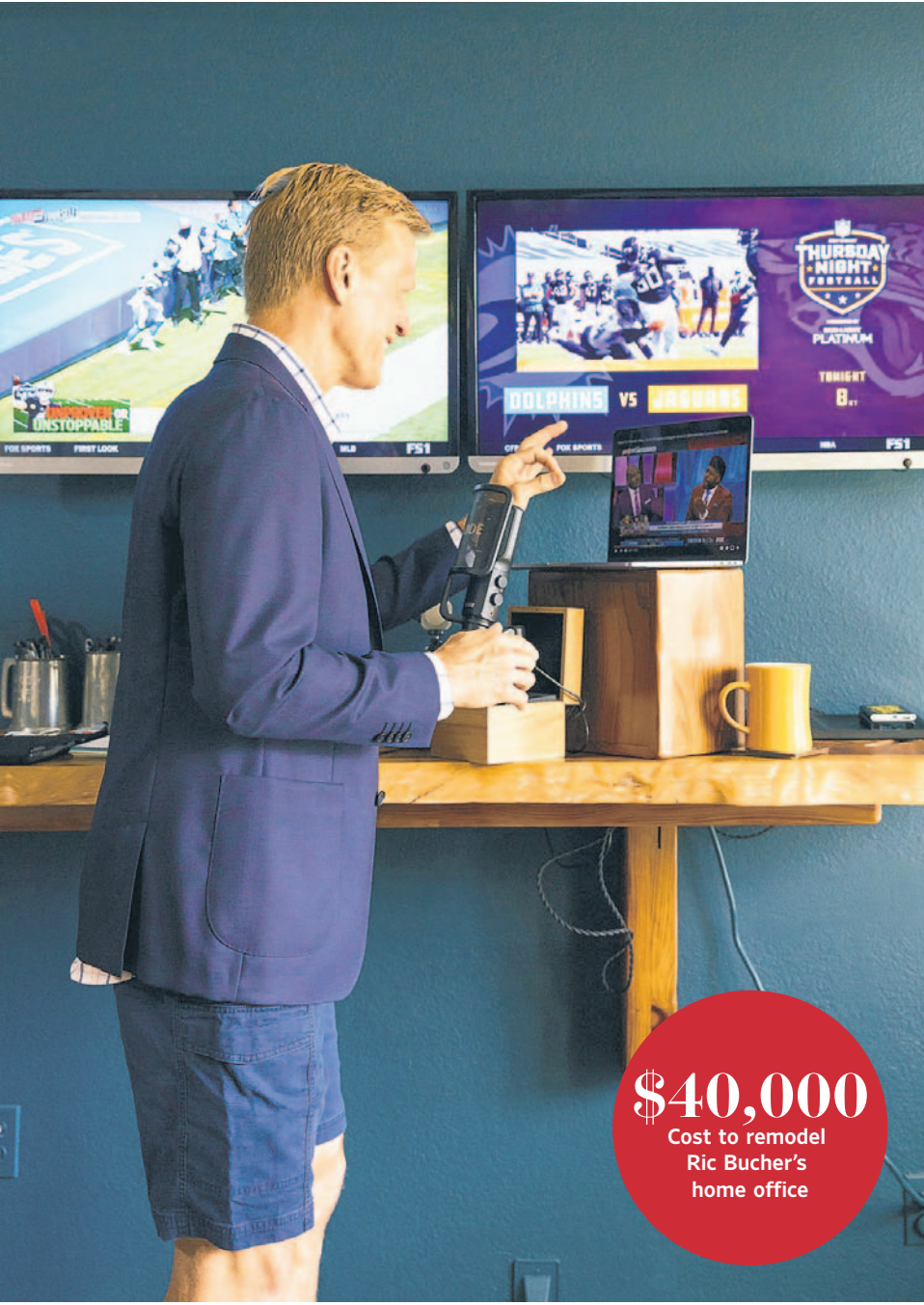
“If I’m in my unit, I will cook, do laundry and clean. I like the feeling of working with other people I can see as well,” Ms. Meiler said.

Developer Ryan Shear, managing partner at Property Markets Group, said work space is a central offering of the Society Living brand, which currently has two more buildings under development in Miami and one in Orlando. One of the buildings in downtown Miami will have 30 offices and “social stairs”: large steps with electrical outlets and ports where workers can hang out with their laptops, Mr. Shear said.

“We’re trying to accommodate all types of workers, from more sociable workers to the closed-door office worker,” he said.

Before Covid, PMG based the brand on the idea of offering people like Ms. Meiler a way to save money on renting a separate office space, Mr. Shear said. When the crisis hit, building staff began wearing masks and regulating capacity in common areas. Since its launch in May, rents at Society Las Olas have been strong, Mr. Shear said.

In a neighborhood near downtown Los Angeles, Alex Valente, High Street Residential senior vice president, is currently working on construction of Llewellyn, a 318-unit rental building. It will have a co-working space tailored to the creative and professional community that Mr. Valente expects will rent in the building. There will be a 600-square foot, soundproof “jam room,” where residents can record podcasts or practice music. It will be located next to a 1,700-square-foot area dubbed the Co-Lab,



Ric Bucher, below, with wife, Corrine Bucher, son Mat and daughter Chance, and, above, with dog Beans. The remodel lets him do broadcast-quality video at home.



THE LOOK-, SOUND- AND FEEL-GOOD HOME OFFICE

Space10 Interiors in Half Moon Bay, Calif., designed the Buchers’ home office. Here are co-owner Jennifer Glynn’s best tips for creating an office for today’s work-from-home life. Prices are approximate.



1. Install low-tech soundproofing. “Buy a wool rug with extra-thick padding to put under it. Install a solid-core door. Hang heavy drapes—even if you never pull them closed,” says Ms. Glynn. *Wall-to-wall carpet by Stark Carpet, plus installation: \$2,500*
Solid core double doors: \$750
Window shades: \$2,500



2. Use flattering lighting for video. “Ric has two lights on stands that sit in the corner ready when he needs them,” which he uses to eliminate shadows on his face during broadcasts, Ms. Glynn says. These, and dimmable ring lights that light the face from all angles, are available from companies specializing in this issue. *Lumecube’s broadcast lighting kit: \$129*



3. Create a backdrop. The door to Mr. Bucher’s office is painted the same dark blue color as the rest of the walls. This dark tone absorbs bright afternoon light, says Ms. Glynn, and offers a flattering backdrop on video. *Hague Blue by Farrow & Ball Paint in Estate Emulsion: \$110 per gallon*



4. Alert the family. Outside Mr. Bucher’s office door is an “On Air” sign he can activate by remote control, signaling to the family the need for quiet. This could be handy for any family juggling Zooms and important calls needing quiet. *On Air Light: \$350*

5. Design for the long haul. Mr. Bucher moves around throughout the day between a stool at his built-in desk, a leather loveseat, and built-in bench under the windows. With people spending long hours in home offices, a variety of work spaces helps combat cabin fever, Ms. Glynn said. *Custom loveseat by Space10 Interiors: \$4,500*
Custom window box cushions: \$1,500
Custom stool: \$1,500



which will include acoustically isolated booths for group work and a conference room with a technologically enhanced white board.

The Co-Lab can open only when permitted by city ordinances. “We would likely open Co-Lab, assuming restrictions eased, at reduced

capacity, on a first-come, first-served basis, and by reservation only on conference rooms initially,” Mr. Valente said.

Michael Pestronk, chief executive of Post Brothers, a developer of rental buildings in Philadelphia, said that once the pandemic hit,

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\$1,895
A MONTH
One bedroom, access
to common work
areas and Sky
Lawn

Kassie Meiler in the co-working lounge of Society Las Olas in Fort Lauderdale, Fla., above center. She moved to the building for its wide array of work spaces which she thought would save her money she otherwise would have spent on an office rental elsewhere in the city.

he eliminated movie theaters, game rooms and social-lounging areas to create 3,000 square feet and 10,000 square feet of co-working space, respectively, in two buildings under construction. The first will be completed next month and the second in December of next year, he said.

There will be cubicles with high dividers—to create social distancing—where people can work on laptops, plus multiple rooms where residents can host Zoom calls and meetings. In a large downtown project in the design phase, there will be 15,000 square feet of workspace divided into three areas. On the ground floor, there will be conference rooms where residents can meet with outside visitors. On upper floors, there will be a co-working space, and another space with individual offices.

“It gives you space that is more customizable,” Mr. Pestronk said. If that project is approved, it would open in early 2024, he said.

Several developers have created programs that let off-plan buyers customize their floor plans to add home offices. In August, KB Home, a Los Angeles-based builder of roughly 12,000 single-family homes a year, rolled out a program in which buyers can opt to turn a bedroom into a home office. Starting at \$3,000, KB creates a built-in desk, shelves, cabinets, high-speed Wi-Fi, various USB ports and lighting over the desk. For additional fees, buyers can add a sliding-glass door to the outside, an en-suite bathroom and soundproofing, said Chief Executive Jeffrey Mezger.

Rob and Mary Porges, both mortgage executives in their 60s, went into contract for a \$1.68 million, three-bedroom in Villa Valencia, a 39-unit condo building under construction in Coral Gables,

Fla. The developer is building the couple an office off the master bedroom in a space that would otherwise have been a large closet, Ms. Porges said. The office

will come with pocket doors, two built-in desks, custom millwork and wiring for internet.

For client meetings, the couple plans to use the building’s board-

room, which will feature Bluetooth speakers, a high-definition video-conferencing camera, a high-definition large screen and audio equipment, said developer



A home office at Villa Valencia, Coral Gables, Fla. (rendering)



Flex room at Rose Hill, NYC (rendering)



Podcast studios at BedTLA, Los Angeles (rendering)



An optional home office at a KB Home in Erie, Colo.

Rishi Kapoor, chief executive of Location Ventures.

Units at Villa Valencia cost between \$1.65 million and \$14.9 million, and each buyer has the opportunity to customize a home office, Mr. Kapoor said. The building also includes high-level water and air filtration, which for an additional cost can be upgraded to medical-grade quality, he said.

The luxury Manhattan market has long been predicated on the understanding that city executives would pay huge prices to live close to their offices. But even a new development there is banking on a work-from-home future.

Rose Hill, a 45-story building on 29th Street between Park and Madison avenues where studios start at \$1.385 million and penthouses top out at \$19.5 million, offers some buyers in-unit “flex rooms” that can be designed as home offices, said Shaun Osher, chief executive at CORE, which is the building’s exclusive sales agent.

The space for these rooms came by lowering the bathroom count. “Luxury apartments have been over-bathroomed,” Mr. Osher said. The building will wire various common spaces—a library, dining/conference room, lounge, co-working area and garden, so residents can work on laptops.

Sales began in late 2019; Mr. Osher declined to say what percentage of the units were sold. “I think this pandemic has magnified things people wanted anyway,” said Mr. Osher.

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Testing for the Dangers Within

Lead and radon are two hazardous substances that can lurk in your home undetected. Here’s how to test for them safely and effectively.



It doesn’t take a super sleuth to detect two invisible hazards possibly lurking in your home: radon and lead. A variety of D-I-Y test kits found online and in home-improvement stores can flag these threats. But their effectiveness varies based on the type of test purchased and how it is used.

Lead is a toxic metal that can cause serious physical and behavioral effects, especially in children. Homes in older cities and those built before 1986 are more likely to have lead in water lines and plumbing fixtures than newer homes.

You can find out more about the quality of the municipal water supply in your area by contacting your city’s water department, which is-

PICKING THE RIGHT TEST

Many city or state governments offer residents free or low-cost tests for lead in drinking water. If you purchase a D-I-Y test, be sure the package indicates that it tests for lead.

“You want to look at the concentration—the detection levels that it tests,” says Eric Yeggy, technical affairs director for the Water Quality Association, a trade group that represents water-treatment service providers. “The action level [for lead] is 15 parts per billion. Many of these tests only measure in parts per million,” he says.

Still, a home-test kit may not

be as reliable as a lab test, Mr. Yeggy adds. If a D-I-Y test indicates a problem, contact the water utility or send a sample to a certified lab. The Water Quality Association can help locate certified water specialists in your area for professional testing and mitigation.

If you get your drinking water from a household well, you’re responsible for keeping it safe. The EPA recommends regular testing for lead, coliform bacteria, nitrates and other contaminants.

Many state and local health departments offer residents free radon test kits. They are also available for purchase online, at home-improvement stores or

sues an annual water-quality report. But here’s the problem: The report won’t necessarily reflect the quality of water coming out of your home’s tap, says Rebecca Kriss of the Virginia Water Resources Research Institute. It could be tainted by lead pipes or lead-soldered fittings in your own plumbing or the plumbing that comes from the street to the house.

As part of her doctoral research at Virginia Tech University, Ms. Kriss in 2018 launched a study of consumer test kits designed to detect lead in drinking water. The research found that positive-negative testing kits—similar to a pregnancy test—were the most effective. A test strip is left in a water sample, which indicates positive or negative results. This type of test typically costs between \$13 and \$40 and can yield results in a few minutes. Still, the D-I-Y tests have limitations because so many variables can affect the results, she notes. Let cold water run from the tap briefly before drawing a sample, Ms. Kriss recommends.

Also, while the tests are able to detect dissolved lead in drinking water, many can’t detect lead particles. The Virginia Tech team added 2 teaspoons of lemon juice to a 1-cup water sample and let it sit overnight. The juice’s acid dis-

through the National Radon Program Services at Kansas State University.

“The D-I-Y tests are great,” says Tommy Bowles, a radon expert with the EPA. They offer a cost-effective approach for initial screening. Long-term tests (defined as 90 days or longer) are the most accurate, he notes, because they detect fluctuations in radon levels over time.

When buying or selling a home, contact your state radon program to find a qualified professional to test for radon and/or fix any issues. In states that don’t regulate radon professionals, ask the contractor for proof of proficiency or certification.

solved some of the lead particles, giving a more accurate reading.

A “positive” test means the lead levels in your sample exceeded the 15 parts per billion threshold for taking action. Notify your local health department, and ask the water authority to find out what type of line brings water from the street to your house. Have a plumber inspect the pipes and fixtures within your home. If further testing at a professional lab shows high levels of lead, you may want to have a doctor test your child’s blood for poisoning. Consider installing a water filter that is certified to remove lead from your drinking water.

Another silent hazard, radon, is a naturally occurring radioactive gas released from the ground. About 1 in 15 homes test high for radon in interior air, and radon is, behind smoking, the second most common cause of lung cancer, according to the Environmental Protection Agency.

Initially, you can buy a long-term radon testing kit, advises Tommy Bowles, a radon expert with the EPA. A detector remains undisturbed in a lower-level living space for 90 days, then it is mailed to a lab for analysis. If the results put radon levels at or above 4 picocuries per liter of air, you should have a certified professional perform a test to ensure accuracy.

Professional radon mitigators typically install soil-depressurization systems. Techniques and costs vary based on the type of foundation the house sits on (basement, concrete slab or crawl space). A pipe is inserted into a layer of aggregate or porous material underneath the house. Many systems have fans that exhaust the air out from under the house into the pipe, which then vents the gas above the house’s roofline. “The most important message is that we want consumers to test,” Mr. Bowles says. “We recommend every two years. Radon can fluctuate year to year.”

Also test after major home-improvement projects that disrupt the earth around the house, especially one that converts a basement into living space, he adds.

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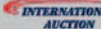
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PRIVATE PROPERTIES

Vail Home Seeks Sky-High Price

A recently remodeled mountain-style stone home with wood details and panoramic views of the Gore mountain range in Vail, Colo., is coming on the market for \$32 million. If it traded for close to that price, the home would be among the most expensive ever sold in the Vail area.

The house, located close to the Vail Golf Club, spans about 11,000 square feet with six bedrooms. The property has open-plan living rooms with floor-to-ceiling windows that open up to terraces, fireplaces in many of the bedrooms and living areas, elaborate bookmatched marble bathrooms and numerous outdoor lounging and dining areas, including a poolside outdoor bar.

Seller Matthew Fleege, the chief executive of a Dallas-based oil and gas exploration company, bought the home for \$17 million last year and launched a major renovation project, he said. Mr.

Fleege estimated he has spent \$7 million upgrading the property since the purchase last year.

When they bought it, Mr. Fleege, 57, and his wife Candee Fleege thought the home was too traditional for their tastes and its windows were too small to maximize the mountain views, he said.

“We were honestly shocked when we started looking at the house and what a poor job they did of taking advantage of what, to me, is the money shot in Vail,” he said.

Mr. Fleege said he completely gutted the property. “We set the architects loose and basically started over,” he said.

One of the biggest parts of the renovation involved opening the entire east wall of the house by installing floor-to-ceiling glass. They renovated most of the house including the kitchen and master bedroom, built a large outdoor pa-



tio and added a pool.

Asked why he is now selling the property, Mr. Fleege said that, when it comes to home renovation, he’s more addicted to the journey than to the destination, much to his wife’s chagrin. This is his eighth renovation or construction project and he is now working on another one in Aspen, he said. “She knows I love the cre-

ative process and she goes along with me,” he said.

Since the summer, the high-end market in Vail has been hot.

Kevin Ness, chief executive of biotech company Inscripta, set a record-high price for a Vail home in August when he paid \$57.25 million for an 11-bedroom, 15,000-square-foot estate. Before that transaction, the highest price paid

for a Vail home was \$28.7 million in 2017 for a property owned by philanthropist Ann Smead, records show.

Tye Stockton of LIV Sotheby’s International Realty has the listing. —Katherine Clarke

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O

ur homes are outsmarting us. I think that's a good thing. Technology for the house has come a long way from intercom systems and programmable thermostats. The new smart homes aren't just more efficient, they are also contributing to our everyday enjoyment — and to our health.

Consider these growing trends:

Smart kitchens: This is a major quality-of-life movement. Besides smart appliances that you can remotely schedule and control, imagine a smart refrigerator that can tell you, also remotely, what's stored in it and when that milk will expire. Some can help you plan a meal, manage your calendars, play music while you cook and let you know when the laundry's done.

Smart bathrooms: Connected air fresheners, ventilation systems and showers and tubs are becoming must-haves, as are digital showerheads equipped with speakers for music and LED lights to indicate safe water temperature.

Smart sprinklers: A smart watering system can be programmed and controlled remotely, to help maximize water-usage efficiency and minimize expense.

Smart security systems: Today's monitoring systems can watch over everything, and may include remote-controlled door locks and water sensors, which can alert you to surprises like leaks or a burst pipe.

Whole-home Wi-Fi: Also called mesh Wi-Fi, these sophisticated routers can extend your wireless network and help optimize traffic with your numerous active devices.

And here's a fascinating concept, written about by Verywell Health, an online resource for health information on medical topics: "Imagine a home where your shower runs a quick, non-invasive health check when you step in, and your bed is equipped with sensors that detect any signs of ill health. Collected data gets shared across different home devices (or forwarded to your chosen health professional) and provides alerts to ensure your health is not compromised. These scenarios are now becoming reality."

Isn't it amazing? This is technology we can really use. Many of the homes we represent are already smart — from simple systems to sophisticated ones — and they're getting smarter, all the time.

Funny, one of the smartest homes I know was actually created in 1962, just two years after my dad founded what has become Briggs Freeman Sotheby's International Realty. It featured a robotic vacuum, talking alarm clock, video phone, even a "televueer," a wall-mounted screen that would beam the day's news, with images that would move and text that would update.

Who knew, that almost 60 years later — and in the time our brokerage has been in business — we'd all finally be catching up to the Jetsons.

FROM MY PERSPECTIVE

Catching up to George and Jane



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MANSION

David Bowie’s hair was sticking straight up the first time I saw him perform. He was 16 and I was 13. He played the sax and sang Elvis and Eddie Cochran songs with a group called the Konrads.

We were at a garden party in Keston, South London, to raise money for Bromley Technical High School. My father, Owen, was the art instructor and David was in his class. I hadn’t started there yet.

As the Konrads performed, I was mesmerized. When I asked who the guy with the sax was, Dad said, “That’s Jones. He’s pretty musical, I think.”

I wanted to be him. When I was little, we lived in Beckenham with my father’s parents while our house on Woodlea Drive in nearby Bromley was being built. The house was part of a development. My parents had bought the land before the developers broke ground, so Dad, who loved architecture, asked if he could make some adjustments. They let him.

Ours was going to be a three-bedroom house with a garden. Dad had the dining room placed off the kitchen and turned our back lot into a botanical garden. His landscaping talent was amazing.

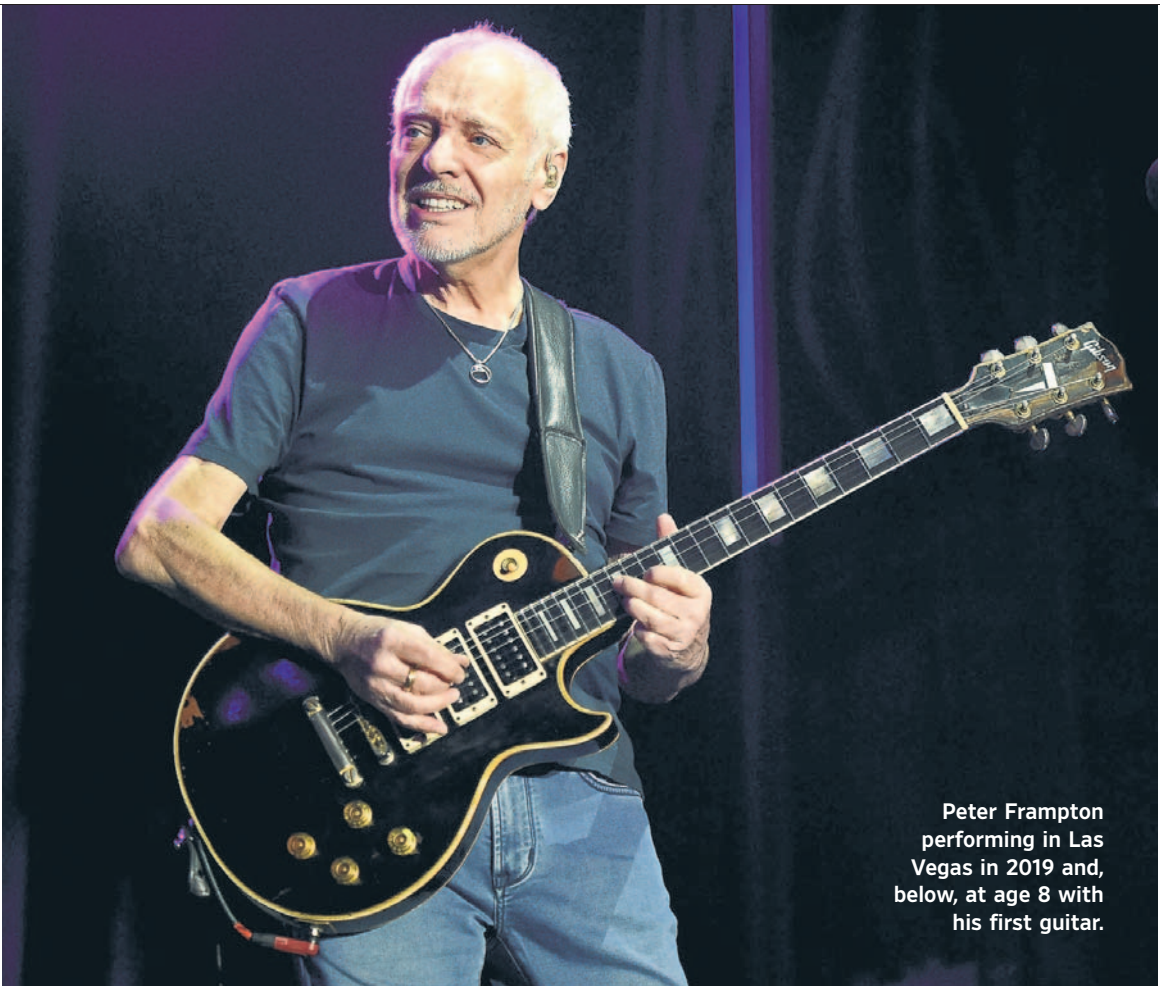
My mother, Peggy, was a home-maker and a secretary. She was the headmistress’s right hand at Bromley’s girls school.

Mom was the one with the drive. She had worked as a secretary for an American general during World War II. She pushed my dad and encouraged me not to hold back from pursuing what I was passionate about.

My love of music began when I first saw the upright piano in my grandparents’ house. My grandmother, Nanna, was a vaudeville fan. Former music-hall stars often came over and played.

When I was 7, my father took me up to the attic in our new house and pulled out a banjolele. It’s a combination banjo and ukulele. Nanna had given it to him to hold for me. Dad showed me the chords to “Tom Dooley.” I played and sang it almost immediately. A light went off.

After playing the four-string



Peter Frampton performing in Las Vegas in 2019 and, below, at age 8 with his first guitar.

HOUSE CALL | PETER FRAMPTON

A Start on the Banjolele

The guitarist recalls his first instrument, Bowie and playing on TV as a teen

banjolele for a few months, I needed two extra strings to play Cliff Richard and the Drifters’ “Move It.” Dad bought me a no-name acoustic guitar for Christmas.

I soon turned the acoustic guitar electric. Then, in ’61, he bought a phonograph and two albums—a jazz record and the first album of Cliff Richard and the Shadows.

I loved Shadows guitarist Hank Marvin. He was the first in the U.K. to have a 1958 fiesta-red Stratocaster. I wanted to be Marvin so badly that I went to our local Woolworths and bought a pair of cheap horn-rimmed glasses. I knocked out the glass and wore the



empty frames. In my early teens, I joined the Little Ravens, and then switched to the Trubeats.

To help me get serious about music, Dad had me take classical lessons. I learned to read music, but I never used that skill much. I began working Saturdays at a music shop restringing and polishing guitars. One day Tony Chapman, a drummer with the Herd, came by. He had introduced Bill Wyman to the Rolling Stones, so Bill told Tony he’d produce and manage a band if he put one together. I joined Tony’s band—the Preachers. We went on “Ready Steady Go!” Bill had invited us on the show during the week the Stones hosted. A year later, Bill started using

PETER’S PRINCIPLES

First encounter with “talk box” on “Frampton Comes Alive!”? Steel guitarist Peter Drake showed me one in 1970. We were playing on “All Things Must Pass.”

You stopped touring. How are you? Good and upbeat. I have a rare degenerative muscular disorder called inclusion body myositis.

Impact? Walking is becoming more difficult and stairs are a pain. It’s starting to affect my fingers, but it’s not life-threatening.

What are you taking for it? A trial drug, so all fingers are crossed



What do you miss most about David Bowie▲? That I can’t call him

me on studio sessions in London. At 16, I had an opportunity to join the Herd, but it meant not going on to college. My father wouldn’t hear of it, but my mother had a talk with him. When the dust settled, I joined the Herd. Today, I live in a condo in the Gulch section of Nashville. I love that I wake up, pull open the blinds and life is happening all around me. My mother passed in 2007. When my father died two years earlier, I was devastated. I wasn’t able to get home to England fast enough and arrived only a few hours after he was gone. The frustration remains with me. —As told to Marc Myers

Peter Frampton, 70, is a rock guitarist, singer-songwriter and producer whose “Frampton Comes Alive!” was No. 1 for 10 weeks on the Billboard album chart in 1976. He is the author of the memoir “Do You Feel Like I Do?” (Hachette).

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U.S. vs. China

THE HIGH COST OF THE TECHNOLOGY COLD WAR

The conflict has disrupted the telecom and semiconductor industries in both countries. But the consequences have already begun to spread well beyond those companies.

By **Stu Woo**

THE WORLD IS PAYING a high price for the technological Cold War between its two greatest powers.

The U.S.-China conflict has already upended the tech industry in both countries, disrupting giant hardware manufacturers, computer-chip designers and even social-media services. Now the broader consequences are becoming clear, as the actions of Beijing and Washington reverberate across rural America, Europe and other corners of the world.

Bearing the brunt of the costs are the telecommunications and semiconductor sectors, where the Trump administration has blocked leading Chinese companies from the U.S. market and restricted exports by American businesses to China. Companies anticipate billions of dollars in

potential costs overall, from lost business or from replacing Chinese telecom equipment.

But the effects go far beyond tech companies' bottom lines. U.S. chip makers worry that the loss of sales to China will mean less money for research and development, making it hard to continue producing the cutting-edge chips that have made the U.S. the global leader in the semiconductor industry.

There is also a risk that the conflict will slow the spread of high-speed telecom access throughout Europe and rural America, re-

Please turn to the next page

Inside

At a Distance

In the not-so-far-off future, many new kinds of jobs will likely be done remotely. You can glimpse that future already **R4**



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JOURNAL REPORT | TECHNOLOGY



The Cold War In Technology

▲ The biggest casualty so far is China's most successful business, Huawei Technologies

Across Europe, big telecom carriers are diverting funds from 5G to focus on replacing Huawei equipment already in use.

Telecom

The biggest casualty so far is China's most successful international business, **Huawei Technologies** Co. U.S. export restrictions have cut off much of its supply chain, and Washington has lobbied allied countries in Europe and elsewhere—with limited success—to ban Huawei from 5G networks, saying Beijing could force the company to spy or conduct cyberattacks. Huawei and China's government say that wouldn't happen.

Huawei is the world's leading telecom-equipment maker and one of its biggest smartphone manufacturers. But Deputy Chairman Guo Ping recently said "survival is the goal" after the U.S. restrictions jeopardized access to the computer chips, made with U.S. technology, that it needs to make hardware.

Mr. Guo said Huawei's consumer division—which with \$67 billion of sales last year accounted for most of the company's 2019 revenue—faces the biggest challenge. That division has won accolades for the cameras on its smartphones, which all require advanced chips affected by the U.S. export controls.

The telecom-equipment business, which had about \$42 billion in sales last year, is also in danger.

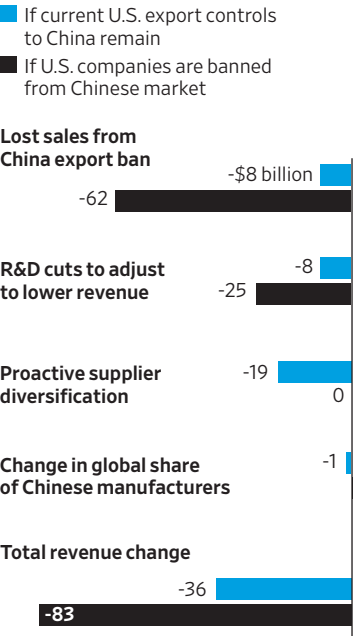
The effect of Huawei's problems, though, extend beyond the company. They also will have a big impact on com-

panies in the U.S., Europe and Asia that design or make computer chips sold to Huawei.

Huawei, for instance, says it spends more than \$11 billion a year on U.S. parts. A senior U.S. official says the Commerce Department is likely to grant licenses to U.S. businesses to export to China technology that doesn't impact national security—such as components for older internet routers or cell-phones—on a case-by-case basis, but acknowledged that American suppliers would bear some costs.

On the customer side, the U.S. efforts to have allies follow its Huawei example have found some success in Europe, where countries including the U.K. and Poland have essentially agreed to restrict Chi-

Estimated change to U.S. semiconductor revenue, by driver of impact and scenario



Source: Boston Consulting Group

nese telecom-equipment. Other countries, most notably Germany, are still debating whether to do so, and could follow recent European Union recommendations that advise members to limit using equipment from high-risk suppliers, a category that includes Huawei.

The U.K. government told British carriers to stop buying Huawei 5G equipment by January and to re-

place all 5G Huawei equipment by 2027. **BT Group PLC**, which reported \$30 billion of revenue in its most recent fiscal year, said it would cost about \$650 million to replace Huawei equipment.

Across Europe, in anticipation of action against Huawei based on the EU recommendations, big telecom carriers are diverting funds and attention away from expanding coverage and building 5G networks to focus on replacing Huawei equipment already in use.

Without 5G, the wireless executives say, European tech and manufacturing companies would fall behind on developing 5G-dependent technologies such as driverless cars and robot-run factories.

The British minister in charge of digital issues, Oliver Dowden, has said the U.K. ban on Huawei could delay the development of 5G by two to three years and cost up to roughly \$2.6 billion to replace Huawei equipment.

In the U.S., Congress has effectively barred major U.S. telecom carriers from using equipment from Huawei and smaller Chinese rival **ZTE Corp.** since 2012. But both Chinese equipment makers continued to supply many small, rural carriers. In June, the Federal Communications Commission banned these smaller telecom providers from using federal funds to purchase or maintain Huawei and ZTE equipment.

Because these small carriers rely on federal subsidies, the FCC decision essentially forces them to replace the Chinese equipment within a couple of years. The companies say they want to do so as soon as possible because they don't want to buy spare parts for equipment they will have to replace anyway.

About 50 rural American telecom providers told the FCC that it would cost a combined \$1.8 billion to replace Huawei and ZTE equipment. The U.S. House of Representatives has passed a bill to reimburse these carriers for at least \$1 billion of the cost with public money, but the Senate has yet to act; it could be months before that money is delivered.

Semiconductors

U.S. semiconductor companies that

want to sell certain products to China must apply for permission to export from the Commerce Department, which said it would issue licenses for exports that don't impact national security. The semiconductor industry is asking the government to increase the consistency and transparency of the license-approval process.

In 2018, the U.S. semiconductor industry had \$226 billion in revenue and 48% of the global market, according to a **Boston Consulting Group** report from March commissioned by the U.S. **Semiconductor Industry Association**.

The report estimated those figures would fall to \$190 billion in revenue and 40% market share within three years under existing conditions. If U.S.-China tensions escalate and Washington completely bans U.S. chip exports to China—or if Beijing ousts U.S. companies from its market—then those figures would plunge to \$143 billion and 30%, putting China and South Korea in place to lead the global industry.

The upshot, say U.S. semiconductor industry leaders, is less money for research and development in an industry that American leaders want to be globally dominant.

Though the Commerce Department has granted some U.S. chip makers licenses to continue selling to Chinese companies, many chip executives say the current limits aren't well thought out.

A senior U.S. official says the goal with the export controls was to figure out what exactly American companies were selling to China—which the Commerce Department can do because it's reviewing many sales. The official says the department might eventually grant licenses to most American companies that want to sell to China, after reviewing everything on a case-by-case basis, but also acknowledges that chip companies are frustrated that license applications aren't being reviewed at a quicker pace.

"The Commerce Department takes great care to ensure that regulations do not impose unreasonable restrictions on legitimate international commercial activity, and strives to avoid actions that compromise the international competitiveness of U.S. industry without any appreciable national-security benefits," Commerce Secretary Wilbur Ross said in a statement.

But the U.S. actions so far may be indirectly driving away some business. Jake Parker, senior vice president of the U.S.-China Business Council, which represents American companies doing business in China, says he has been told of one Japanese company urging Chinese companies to switch from their U.S. suppliers. The message, he says, is: "You can't rely on U.S. technology because you might be cut off from it in the future."

At the same time, the export controls affect some foreign semiconductor companies, because they use U.S. technology in making components they sell to Huawei and other companies. Japanese semiconductor maker **Kioxia Holdings Corp.** last month called off what was expected to be one of the year's biggest initial public offerings after saying U.S. export restrictions on Huawei were hurting business.

Mr. Woo is a Wall Street Journal reporter based in San Francisco. He can be reached at stu.woo@wsj.com.



FROM TOP: MARK SCHIEFFELBEIN/ASSOCIATED PRESS; ALY SONG/REUTERS



Where some businesses
see a challenge,
you see potential.
An opportunity to adapt. To pivot.
To do things better.
But change requires partners.
Like a support team
that's available 24/7.
To bring scalable solutions.
And powerful connectivity.
Speeds to match your pace.
Security you can count on.
And tools that put you in control.
Of your network. And your future.
You need a team that asks,
“Why bounce back
when you can
Bounce Forward™?”

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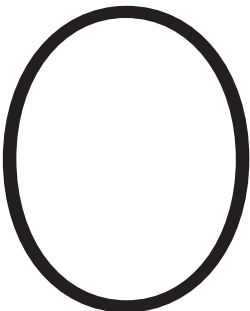


▲ A remote operator controls a robot as it stacks shelves.

Remote Work Won't Be Just for White-Collar Workers

Technology has made it possible for many knowledge workers to do their jobs from home. Now a second wave will send all sorts of new jobs into the remote-work orbit in the not-too-distant future

By Christopher Mims



n the ground floor of a towering office building overlooking Tokyo Bay, in a space intended to resemble the interior of a moon base, a convenience store is tended by a humanoid robot.

This robot isn't out front, wowing customers.

No, it is in the back, doing the unglamorous job of keeping shelves stocked. It has broad shoulders, wide eyes, a boomerang-shaped head and strange hands, capable of grabbing objects with both suction and a trio of opposable thumbs.

But the machine isn't acting on a set of preprogrammed instructions. Like a marionette on invisible, miles-long strings, the robot at the Lawson convenience store is controlled remotely, by a person elsewhere in the city wearing a virtual-reality headset.

Built by Tokyo-based Telexistence, a three-year-old startup, this system is the culmination of nearly 40 years of research, and is the world's first commercial realization of an audacious goal: to enable a person to do any job on Earth from anywhere else.

Just as Slack, Zoom and countless other tools have made it possible for the world's white-collar workers to work from home during the pandemic, a second wave of remote-work technology is coming. In many industries, it is already here. This technology—known as telepresence—goes well beyond mere communications and pixel-pushing.

A broad term, telepresence includes any technology that allows a person to interact with a different place

as if they are there—whether that means controlling robots or drones remotely, or holding virtual meetings with workers in the field. The result is that a host of jobs, including storekeeper and field engineer, that seemed out of reach of remote work are likely to be firmly in the remote-work orbit within the next 10 years.

A lone robot

Today, there is only one Telexistence robot outside the company's laboratories, says Yuichiro Hikosaka, a board member who helped launch the company. Solving Japan's chronic labor shortage was a driving force, but Telexistence's goals are much bigger than keeping the corner *konbini* stocked with rice balls and cold drinks. "We want to be a platform on which people will be released from any restriction of distance and time," Mr. Hikosaka says.

Telexistence's first commercial robot, the Model T, is a far cry from fully realizing that dream. One challenge for teleoperated robots is economic: The combination of the system and a remote worker must be cheaper than an equivalent physically present human. As a result, while the Model T might look sleek, Telexistence had to build it from relatively inexpen-

sive parts. The Model T can lift only 2 kilograms (4.4 pounds) with each of its arms.

And while it is piloted by a human, it is still not as dexterous or as fast as one. Where an experienced human stocker might be able to get a bottle onto a shelf in a second, a human-guided Model T might take eight or nine seconds, says Mr. Hikosaka.

Eventually, making a robot like the Model T both fast and affordable will require that some of its tasks be at least partly automated, he adds. Tel-

many real-world examples, including Air Force drones, doctors using robots to operate remotely, and startups that use humans to remotely control delivery and security robots.

Experts at a distance

Another form of telepresence, which we might call remote expertise, allows front-line workers in jobs as varied as data-center maintenance, pharmaceutical production and petroleum engineer-

The Telexistence robot is the first commercial realization of an audacious goal: to enable a person to do any job on Earth from anywhere.

existence is betting that by starting with a system that is entirely puppeted by humans, it can gather enough training data to eventually teach an artificial intelligence to take over at least some of the robot's tasks. It is the modern-day equivalent of training your replacement—only your replacement is a cloud-based AI.

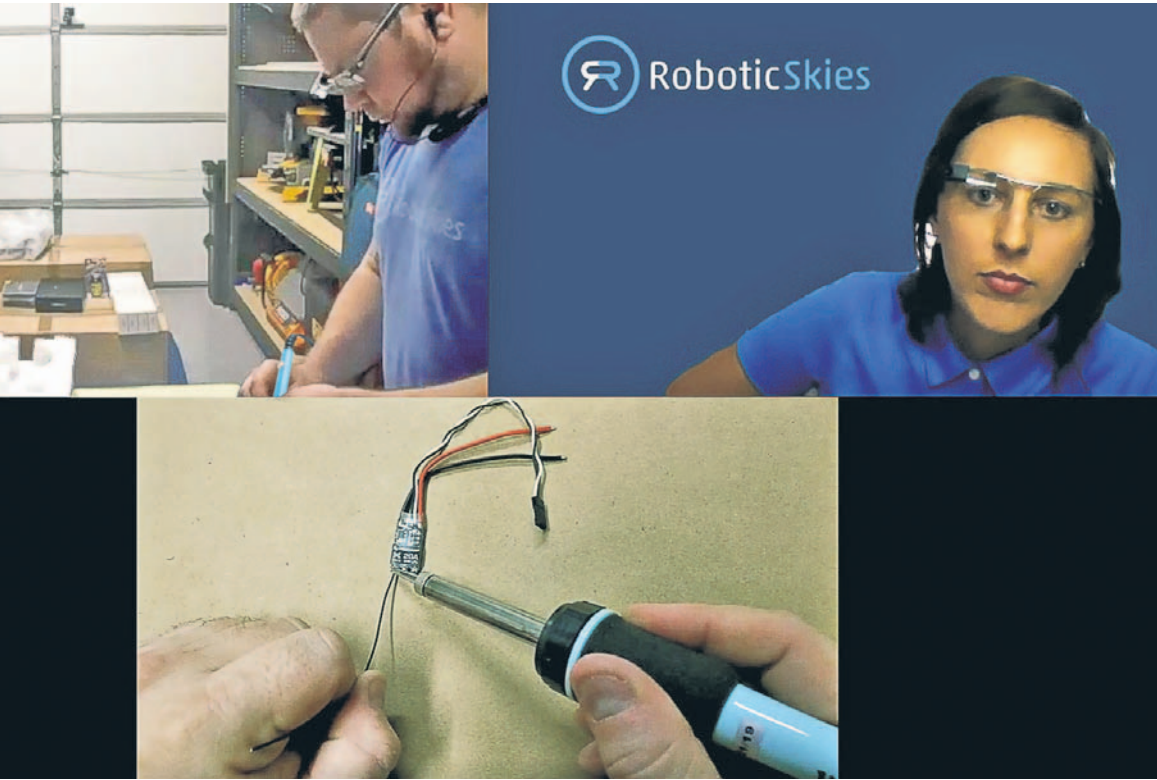
Telexistence's robot represents a type of telepresence called telerobotics. And while it is still in the research-and-development phase, there are already

ing to use smart glasses to share what they are seeing with an expert sitting at a desk somewhere far away. The expert, in turn, can speak to them and send images helping them to handle whatever problems they face. In a way, remote expertise is like screen-sharing the real world.

Robotic Skies, a drone-maintenance company, overnights Google Glass Enterprise Edition 2 headsets to aircraft mechanics at any of the more than 200 repair stations in its network. Donning the headsets, those mechanics



THIS PAGE FROM TOP: TELEXISTENCE; VUZIX; OPPOSITE PAGE FROM TOP: ISSEI KATO/REUTERS; ROBOTIC SKIES; TELEMED; MARK SCHIEFFELBEIN/ASSOCIATED PRESS



stream what they are seeing to a remote expert and receive instruction on how to accomplish a repair.

That is as good as having an expert over a mechanic’s shoulder, says Brad Hayden, chief executive of Robotic Skies. It has also been essential during the pandemic. Before Covid-19 hit, his technicians would frequently travel to where they were needed, but now they do their work remotely, sitting at desks, connecting to headsets from their PCs. And while the shift to this way of working was accelerated by the pandemic, it is one that he plans to continue in the future, regardless of the progress of the disease.

“We’ve been able to continue working and implement technology that will allow us to scale that much faster in this global market as [drone repair] starts to ramp up,” Mr. Hayden says.

Brian Ballard, chief executive of remote-expertise company Upskill, says, “If your job is to train people, but you spend half your time on a plane, you’re really only doing your job half the time.” Based in Austin, Texas, and Washington, D.C., Upskill sells systems built around smart glasses from the likes of Vuzix and Alphabet Inc.’s Google to customers including Boeing and Accenture.

The pandemic and the resulting travel restrictions mean customer use is exploding, says Mr. Ballard. One of his customers, a pharmaceutical manufacturer, went from an average of 15 uses a month of smart-glasses-powered remote expertise to over 600 a month, as technicians on the production line used it to reach remote experts. A second pharmaceutical company went from 1,100 calls a month before the pandemic to more than three times as many after lockdowns commenced.

Seeds of tomorrow

But telepresence doesn’t have to be as complex as the Model T or Google Glasses to affect an industry. Sometimes, even relatively simple technology—such as drones—can be used to extend somebody’s reach to a distant place.

For example, Dendra Systems, based in Oxford, England, uses drones to both evaluate degraded wild ecosystems and restore them, shooting seeds into the ground from the air.

Traditionally, planting seeds is done by hand, since there are many locations in Earth’s wild places that are impassable for tractors. A person can seed about half a hectare of land per hour, says Dendra co-founder and CEO Susan Graham. Put that same person behind the controls of a drone modified to seed from the air, however, and they

can cover 10 times as much land per hour, she says.

Systems that allow for remote control but still require a human to be present for some functions point to what will be, for the foreseeable future, the reality of telepresence: Even if it manages to make more jobs remote and outsourceable, humans will still have to be present for some roles.

In the case of a store like the one run by Lawson and Telexistence in Tokyo, Amazon Go-style cashierless checkout can eliminate about 30% of the labor required to run it, and a robot like the Model T that can stock shelves can allow for the outsourcing of another 30%, says Mr. Hikosaka. That still leaves room for some employment in even the most automated stores, and creates a demand for new kinds of roles, like robot designers, manufacturers and technicians.

There is a potential downside to transforming ever more jobs into remote ones, though, especially jobs that already require relatively little skill and training, as in some parts of the service industry. A service job that can be done remotely is, after all, one that can be outsourced to

Top, a Telexistence robot gets a checkup. Above, technicians at Robotic Skies, a drone-maintenance company, work together remotely using Google Glass technology to make a repair.

What happens when jobs can be outsourced to a virtual-reality-headset-equipped, telepresent equivalent of a call center?

anyplace there is a sufficiently fast internet connection. Two out of every three American workers are currently employed in the service sector. What happens to them if and when their job can be outsourced to a virtual-reality-headset-equipped, telepresent equivalent of a call center, in a country where wages are significantly lower?

While telepresence could spell more pain for rich countries’ blue-collar workers in the short term, its effects on white-collar workers might be the opposite, continuing the trend of making their labor and expertise that much more valuable. Overall, as a rule economies suck up all the increases in productivity they can get, and the result is an ever more complicated technological civilization with more diverse and specialized jobs for a wider array of people.

In any event, it seems likely that more jobs than ever—including those historically “physical” jobs that were deemed essential during the pandemic—will be done by someone sitting in an ergonomic chair, their face obscured by a widescreen monitor or VR headset.

Mr. Mims writes The Wall Street Journal’s Keywords column. He can be reached at christopher.mims@wsj.com.

Covid-19 Gives Boost to China’s Telemedicine Industry

The effort could be a model for expansion in other countries

By MARTIN MOU

As the Covid-19 pandemic swept across China in late January, the country’s telemedicine platforms raced to roll out free coronavirus-related services and the once wary government moved to ease regulations on providers, giving new life to a fledgling industry that has largely been losing money.

The effort, involving some of China’s largest technology companies, has introduced millions of people to online medicine in what industry analysts say could mark a watershed moment in the way the country of more than a billion people delivers health care.

It also could serve as a model for the growth of telemedicine around the globe. China already has the world’s most advanced digital health-care system, says Vikram Kapur, a Bain & Co. consultant specializing in health care in the Asia Pacific region, and “most health systems world over are looking to China as the primary source for future virtual-care delivery innovation.”

Between late 2019 and the summer of this year, the number of telemedicine providers in China jumped to nearly 600 from fewer than 150, according to official data reported by Chinese state media. And many of the biggest names in the business expanded their services.

Ping An Good Doctor, a leading telemedicine service founded in 2014 by Chinese conglomerate Ping An Insurance, opened an online portal for pandemic-related consultation services on Jan. 21, two days before the lockdown of the city of Wuhan, the epicenter of the pandemic.

The portal garnered more than a billion visits in three weeks, the company says, with many users linking up for the first time with its network of some 1,800 full-time medical and nursing personnel and 10,000 part-timers.

Alibaba Health, a unit of e-commerce giant Alibaba Group Holding Ltd., launched a real-time map to pinpoint places visited by confirmed Covid-19 patients, such as shopping malls and homes, and introduced free online medical consultations for residents of China and Chinese nationals overseas.

The pandemic is an “unprecedented major opportunity” for telemedicine providers, says Fang Weihao, chief executive of Ping An Healthcare & Technology Co., the company that runs Ping An Good Doctor.

China has taken steps to promote telemedicine in recent years, hoping it could help beef up the country’s relatively weak primary-care system and ease traffic at its best hospitals.

In March, the country’s national health authority issued guidance encouraging reimbursement for online consultations and drug dispensing for common illnesses—such as colds or respiratory infections—and chronic diseases by the state-run universal health-care insurance scheme that covers 95% of the Chinese population.

In July, China’s State Council pledged to further expand the menu of services internet health-care providers can offer.

For now, most of China’s internet health-care firms are still losing money. Providers struggle to balance the often very high customer-acquisition costs with small, if growing, revenue streams from online consultations, Mr. Kapur says. In the past six months, the equation has changed slightly due to the surge in users.

Ping An Good Doctor says revenue from online medical services more than doubled to 695 million yuan (\$102 million) in the first half of this year. That made up just a quarter of the company’s sales; the bulk came from an online marketplace it operates that sells drugs, health supplements and even food.

Mr. Fang, its CEO, says there’s no rush to make the business profitable. The industry has gotten an unexpected boost from “explosive growth in online consultations and user traffic” and the company plans to focus on scaling up and growing its market share, he says.

Mr. Mou is a Singapore-based reporter for The Wall Street Journal. He can be reached at martin.mou@wsj.com.



Dr. Xu Siying consults with a patient at JD.com’s headquarters.



Broadband Promises Left Unfulfilled in Rural Areas

The lack of access, despite billions spent nationwide, has made it harder for the unconnected to work and study during Covid-19

By DREW FITZGERALD

Local residents often huddle outside the library in Hudson, N.Y., in cars or seated in the open air, to tap its Wi-Fi network for a high-speed internet connection.

The scene is a far cry from what was promised in the same spot four years ago, when New York Gov. Andrew Cuomo touted a plan to provide universal high-speed home internet service in the state by 2018. The ambitious initiative would spread broadband “faster than anyone has ever contemplated,” the governor said then during a press conference at the library.

Residents a few miles away from the library say they are still waiting for service. And their frustration has grown since the coronavirus pandemic forced families in their rural communities to work and study online, often through connections that are barely capable of supporting one video stream, let alone several.

“It’s like the apple is dangling in front of my eye,” says Marcy Feld, a photographer based in nearby Hillsdale, N.Y., referring to a fiber optic cable that stopped well short of her property but is close enough to be a constant reminder of what she’s missing.

Her family of five relies on satellite provider **HughesNet** for relatively slow and expensive internet service.

New York tried to fix this problem years ago by showering rural internet providers with \$500 million in state subsidies—in addition to hundreds of millions in federal subsidies—to reach more than two million residents who lacked broadband.

Separately, a merger settlement forced cable operator **Charter Communications** Inc. to add 145,000 internet connections in New York in exchange for allowing its purchase of Time Warner Cable.

Neither plan worked as advertised. Regulators pushed Charter’s broadband-expansion deadline to mid-2021 after they found fewer locations than expected being served. The cable company recently told regulators it had connected 109,000 of the required locations. A spokesman for the state comptroller said the watchdog agency is also auditing the state’s subsidy program, called New NY Broadband.

A spokeswoman for Gov. Cuomo says the governor “led the largest state broadband program in the nation and as a result New York ranks No. 2 among states for overall coverage, price and speed,” trimming the coverage gap to 2% from 30% “with tens of thousands of rural homes expected to be connected in the year ahead.”

‘Finish the job’

The digital divide—in New York and elsewhere—hasn’t gone away, despite much money spent and many speeches made. A patchwork of conflicting government programs, flawed maps and weak enforcement have left broad swaths of the country

without access to high-speed or even basic internet service when people need it more than ever. The result is a longstanding source of personal frustration and economic disadvantage for many rural communities in areas where spread-out housing makes adding new wires expensive. That lack of access extends to many more-crowded suburban and ex-urban counties where home internet coverage is available in one neighborhood but out of reach just down the road.

Companies including **CenturyLink** Inc., **Frontier Commu-**

ications Inc. and **Consolidated Communications** Inc. have used billions of dollars of federal subsidies to wire homes with broadband cables for the first time. But at least 18 million people in the U.S. still lack access to true broadband, according to the **Federal Communications Commission’s** latest national deployment report. Other studies have found a much higher number of households without usable broadband service.

Some homes have fallen through the cracks because federal regulators graded companies’ performance using inaccurate maps. The FCC this year devised a plan to use more-accurate geographic data, but the initiative lacks congressional funding.

In New York, the Empire State Development agency oversees the rural expansion program that benefited from \$500 million of state funds. The Public Service Commission, another state regulator, oversees Charter’s mandated broadband expansion.

“I commend the governor immensely for what he’s tried to do,” says David Berman, co-chairman of Connect Columbia, an association of local officials drawn from across the county. “Now we’ve got to finish the job.”

Patti Matheney, a member of the town board in nearby Ghent, says that while state subsidies have added many new homes to the network, “it never feels right if I have it and my neighbor doesn’t.”

“The providers have not been very forthcoming with where they’re going, with their maps,” Ms. Matheney says. “So we were flying blind a lot of the time.”

level the Federal Communications Commission considers necessary to support broadband applications like videoconferencing and streaming TV.

The New NY Broadband program steered about \$1.5 million to Hillsdale and nearly \$30 million to Columbia County, according to state data. The region also received federal dollars from the second phase of the Connect America Fund.

Mistrustful of state-supplied data that showed his county well covered by broadband subsidy programs, Mr. Wohlfarth and his neighbors formed a committee to press the issue. The committee earlier this year surveyed Hillsdale residents and found that more than 70% of them lacked broadband service.

Mr. Wohlfarth, a creative marketing director, has been working through local groups he and his neighbors formed to convince Consolidated to string high-speed fiber optic through the area. In July, several Verizon trucks worked on a nearby road, giving him hope that the area was due for an upgrade, but a worker said there was nothing he could do.



Tod Wohlfarth has been working through local groups he and his neighbors formed to get broadband internet access for their homes in Hillsdale, N.Y.

Stuck on slow

Hillsdale resident Tod Wohlfarth pays \$110 a month for a low-speed digital subscriber line from Consolidated Communications. He says the service is unreliable and tops out at 15 megabits per second, well below the 25 megabits

operate in different parts of the county. Local provider FairPoint, which Consolidated later acquired, began expanding fiber-optic lines into Verizon territory after Verizon declined to participate in the subsidy program. Program rules affected which homes received upgrades.

“Call your congressman,” the Verizon technician advised, according to Mr. Wohlfarth.

County residents say that advice is common. A Public Service Commission spokesman said the department keeps track of internet providers’ progress by fielding “inquiries from elected officials and consumers who have questions or concerns about service in their area,” in addition to audits and other checks.

Consolidated Communications public-policy executive Michael Shultz says the telephone network operator built new lines to all of the New York locations covered by its federal subsidies and almost all of the locations the state paid to cover. The company would need more funding to reach other locations, he added.

In the meantime, Mr. Wohlfarth says he’s waiting for some network operator, whether it’s Consolidated, Charter or someone else, to offer service capable of reaching the modern internet.

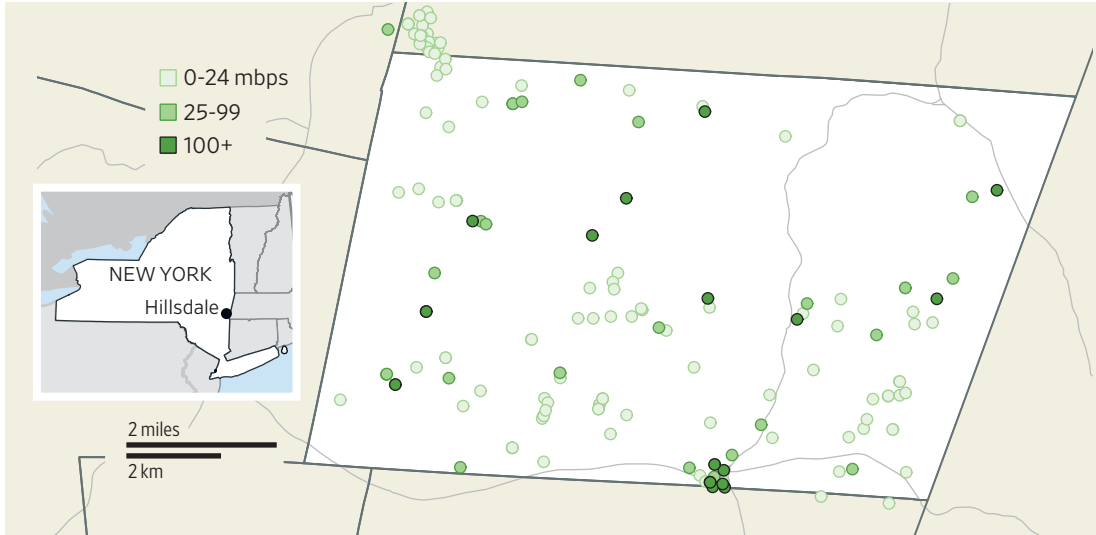
“I’ve checked the buildout lookup tool every other month for years now,” he says. “Nothing for me.”

—Lillian Rizzo contributed to this article.

Net Shortage

State data showed Hillsdale, N.Y., entirely covered by internet service capable of downloads at 25 megabits per second or greater. A town committee survey showed many locations lack access to those speeds.

Maximum download speed, mbps



Note: speed information provided by survey respondents

Sources: Hillsdale Broadband Committee; New York State

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HOW CAN GREATER CONNECTIVITY HELP KEEP OUR DATA SAFE?

I AM JEN EASTERLY

Global Head of the Fusion Resilience Center

While the Internet has made our lives easier, its interconnectedness has also made our data less secure, with a cyberattack now occurring every 40 seconds.¹ In the Morgan Stanley Fusion Center, we're capitalizing on the connectivity of our talent and technology to not only respond rapidly to cyberthreats, but also to proactively keep client data safe. So while the volume, variety and velocity of data are ever expanding, so is our ability to protect it.

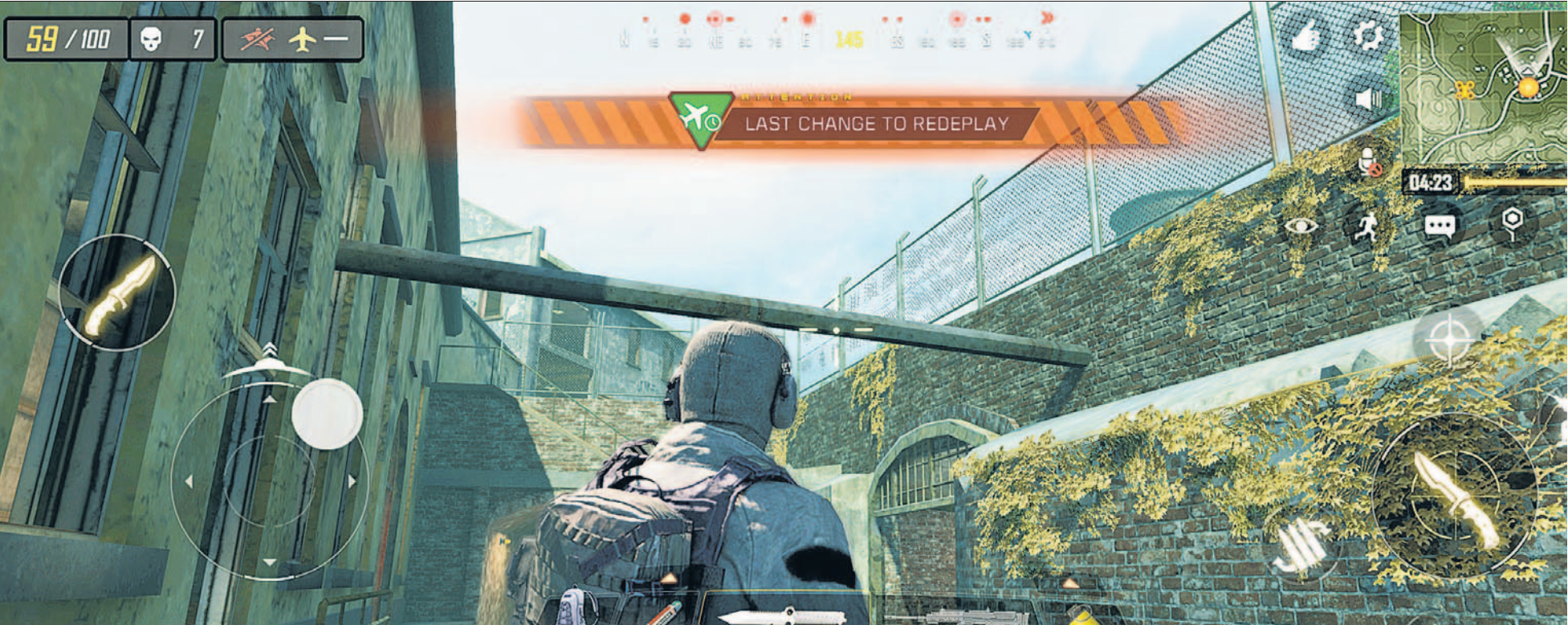
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¹ Cybintsolutions, "13 Alarming Cybersecurity Stats and Facts," December 2018
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JOURNAL REPORT | TECHNOLOGY



Coming to Phones: More Blockbuster Games

Publishers want to lure consumers with complex games playable on mobile devices

By SARAH E. NEEDLEMAN

Videogame publishers are bringing more of their complex, graphics-intensive hits for consoles and high-end computers to mobile devices, a response to technology upgrades and an acknowledgment that people are spending a growing share of their entertainment dollars on smartphones and tablets.

Activision Blizzard Inc. launched a new mobile version of its “Call of Duty” series last October and is working on mobile iterations of its “Diablo” and “Crash Bandicoot” franchises, both of which made their debuts in the 1990s. Electronic Arts Inc. is doing the same for “Apex Legends,” the company’s breakout PC-and-console hit released last year, as is Riot Games Inc. for its more than decade-old computer game “League of Legends.”

The trend comes at a time when demand for interactive entertainment is especially robust due to the coronavirus pandemic. It also shows how publishers are looking to grow their businesses by reaching people who have never played their biggest titles or have only experienced them on dedicated gaming hardware.

“Mobile has proven to be a great business opportunity for us,” says Chris Plummer, head of mobile for Activision Blizzard’s Activision Publishing unit. Companywide, he says, it is “our largest platform in terms of monthly active users.”

Growth market

The games making their way onto mobile devices take advantage of advances in graphics and development software as well as memory storage. In some cases they are replicas of their console and PC counterparts, only with touch-screen controls. Others feature different styles of play and shorter play sessions so people can play during idle moments.

Another distinction: Most mobile games are free to download and play, with publishers relying on advertising and sales of digital perks such as weapons and costumes to generate revenue.

In adapting more of their hits for mobile devices, game publishers are targeting a growing portion of industry sales. Since 2017, people have spent nearly as much on smartphone and tablet games annually as they have on console and PC games combined, according to analytics firm Newzoo. The firm projects consumer spending on mobile games will reach \$77.2 billion this year, compared with \$45.2 billion for con-

sole games and \$36.9 billion for PC games. That would represent increases from last year of roughly 13%, 6.8% and 4.8%, respectively.

Financial deals involving mobile-game studios are also on the rise. As of mid-October, mobile-game studio mergers, acquisitions and buyouts have totaled \$5.8 billion this year, up from \$2.7 billion in all of 2019, according to estimates from PitchBook. Venture funding for mobile-game studios has totaled \$2.7 billion so far this

to play it on a console or PC.

Carley Balazs, a 30-year-old marketing professional in Brooklyn, N.Y., recently started playing “Call of Duty: Mobile” on her iPhone. She says she’s new to the war-game series and is now tempted to try it on her Xbox One console. “I was really surprised by the quality,” she says.

Bringing blockbusters initially designed for large screens to mobile devices can be challenging. In addition to screen-dimension constraints, phones

the top 1% of game publishers worldwide took home 92% of revenue during that time, the firm said.

“Call of Duty: Mobile” has managed to break through the clutter, attracting more than 300 million downloads since its debut a year ago, according to Activision’s Mr. Plummer.

Ultimately, just about all console and PC games could make their way onto mobile devices thanks to the rise of cloud gaming, says Michael Hickey, an analyst at investment bank Benchmark Co. The technology enables games to be streamed over any internet-connected device, including smartphones and tablets. Companies such as Microsoft, Alphabet Inc.’s Google, Amazon.com Inc. and Nvidia Corp. have recently launched or announced cloud-gaming services.

Adding, not cannibalizing

Mobile’s rising clout in gaming doesn’t appear to be cannibalizing spending on console and PC games. Industry observers say this is because mobile games, which have grown in popularity since the launches in the late 2000s of hits like “Angry Birds” and “Doodle Jump,” are played most often when consoles and PCs are out of reach.

Fans of Riot Games’ “League of Legends” have expressed through online community forums and surveys a desire to be able to play the battle-arena game on a mobile device while away from a computer, says Marc Merrill, co-founder of the Los Angeles company, a unit of China’s Tencent Holdings Ltd. since 2015. The coming mobile version of the game, due out later this year in most markets, will have a smaller map and shorter matches than the original. But Mr. Merrill says it will maintain the overall look and feel of the “League of Legends” universe.

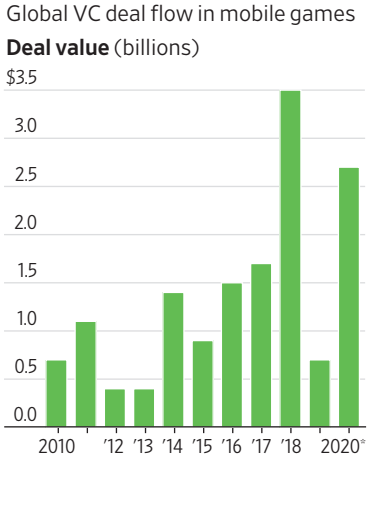
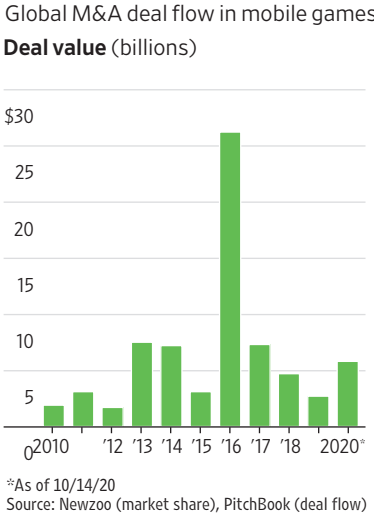
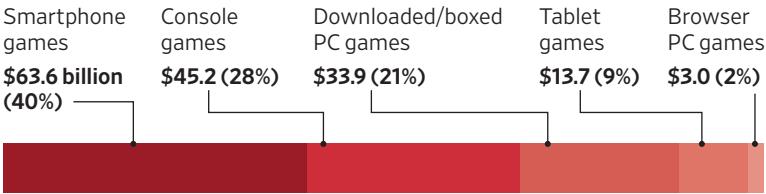
The growth of mobile gaming is “additive” to console and PC gaming, says Humam Sakhnini, president of King Digital Entertainment, the Activision unit behind the popular mobile game “Candy Crush Saga.” King is now making a mobile version of the adventure series “Crash Bandicoot.”

“Mobile draws a lot of different folks,” including “people who don’t necessarily think of themselves as gamers,” he says.

On the Move

The popularity of videogames on smartphones and tablets is growing.

2020 global games market per segment



year, up from \$700 million last year, the research firm says.

Jeff Karp, head of mobile games at Electronic Arts, says the mobile market’s growth potential is greater than that of other videogame platforms because game makers may be able to attract many younger consumers who can’t afford consoles. He says it is also possible that a positive first-time experience with a franchise on a mobile device will drive some consumers

and tablets don’t typically come with peripheral equipment like controllers and keyboards. But industry executives and analysts say advances in software for developing mobile games have made the transition easier.

The mobile-gaming market is also competitive. Roughly 24,500 new games were added to Apple Inc. and Google’s app stores each month in the first half of 2020, according to app-analytics firm Sensor Tower Inc. Yet

The Secret to the Continuing Success of ‘Candy Crush Saga’

Part of the formula: Every week, the company releases about 45 new levels

By SARAH E. NEEDLEMAN

It has been eight years since “Candy Crush Saga” landed in app stores, driving people to spend their spare time matching clusters of jelly beans, gumdrops and other goodies. Yet while there have been many other hits in the “match three” puzzle category since then, “Candy Crush Saga” is still wildly popular. It is on track to gross nearly \$1 billion in sales of digital goods alone for 2020, just as it did in 2019, according to estimates from app-analytics firm Sensor Tower Inc.

“Candy Crush Saga” was created by European game maker King Digital Entertainment, which Activision Blizzard Inc. acquired for \$5.9 billion in February 2016. One advantage it enjoyed early on was that mobile games were still somewhat of a novelty when it made its debut in 2012. Competition for downloads was minimal

compared with today, enabling the game to develop a strong player base from the start, says Humam Sakhnini, who last year became King’s president after serving as its finance chief for nearly three years.

But how have the game and some spinoffs like “Candy Crush Soda Saga” remained atop mobile-app revenue charts for so long? In an interview, Mr. Sakhnini discussed inventing new levels for “Candy Crush Saga,” obsessing over player feedback, and how his daughters have inspired him. Here are edited excerpts.

WSJ: *There’s seemingly no end to “Candy Crush Saga.” How come?*

MR. SAKHNINI: We release approximately 45 new levels per week. There are presently more than 7,800. We don’t repeat levels, because that would be boring. Every level also has to be challenging enough that people feel like it’s fun to conquer.

WSJ: *Are some levels designed to nudge players into spending money on virtual perks?*



King’s president, Humam Sakhnini, puts a high value on player feedback.

MR. SAKHNINI: Our design ethic is that we want people to be able to play every level without monetizing. The majority of our players have never paid us anything. But the free-to-play economy does bring scale, so the percentages of people who we do monetize are attractive. We also now monetize through video advertising, and King games overall passed \$150 million in ad revenue last year. The ads are integrated very nicely into the game. So say you fail a level,

you can have something that says, “Watch this ad and get a free lollipop hammer,” which is a tool that players can use in the game. A lot of people react to that.

WSJ: *How do you gather useful player feedback?*

MR. SAKHNINI: Lots of ways. There is a community forum where we get tens of thousands of comments a month. We read every post. It’s an unbelievably productive way to understand the

sentiment of the community. Reviews on the app stores are also full of commentary. Again, we take the time to look through each one of them. Some are great and reinforcing, some are difficult to read. Another thing we do is we host quite a few events with our players at our offices around the world. We invite them into our environment and put them in front of our developers, marketing people and management. They give us amazing suggestions and insights.

WSJ: *You have twin teenage daughters who are gamers. How do they influence your thinking about “Candy Crush Saga”?*

MR. SAKHNINI: I find myself feeling like a kid again seeing my kids play the franchises I played when I was growing up. They play [Nintendo Co.’s] “Zelda.” I played “Zelda.” “Candy” done right could be that. If we continue to innovate it, we won’t have the expectation it will go away. With the talent we have and the culture being player-focused, we’ll always have great ideas. We’re in year eight and we’re just getting started.

Ms. Needleman is a Wall Street Journal reporter in New York. Email sarah.needleman@wsj.com.

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Betting On Hydrogen

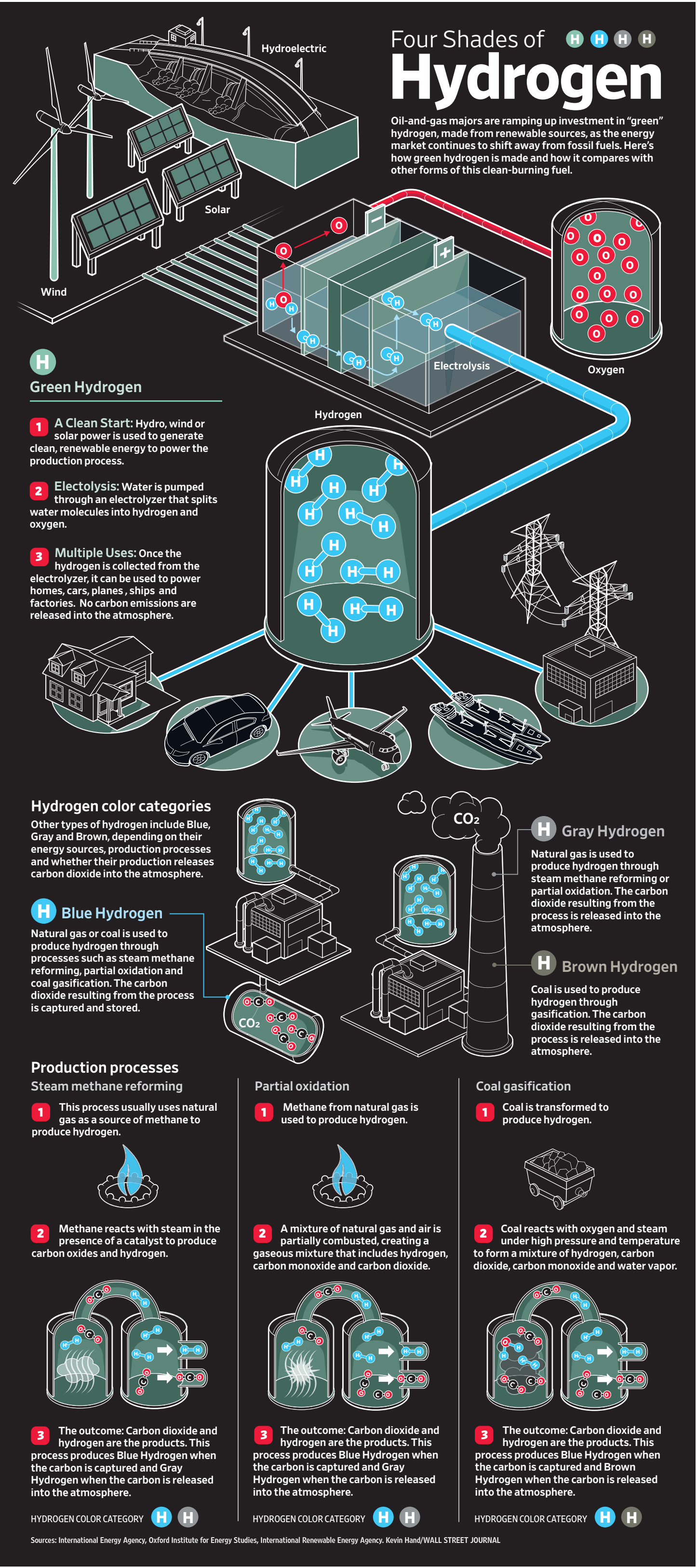
Major energy companies and countries see a bright future for the fuel

By Giulia Petroni and Dieter Holger

As the oil-and-gas industry struggles to secure its place in a world shifting away from fossil fuels, major energy companies are making a grab for the rising hydrogen market. Hydrogen is expected to play a vital role in slashing emissions in a number of highly polluting industries that now face strict climate targets. The fuel, which burns clean when mixed with oxygen in a fuel cell, can power households, factories, cars, ships and planes. There are still significant hurdles facing hydrogen, but major oil companies in Europe, including Royal

Dutch Shell PLC, BP PLC and Repsol SA, are ramping up their investments. They're betting that their expertise and infrastructure can give them an edge in this growing market, and they see government aid and profits down the road. "Large-scale usage of hydrogen requires build out and operation of not just production facilities, but also compression, transportation, distribution and conversion facilities," says Olav Junttila, managing director at investment firm Nomura Greentech Capital Advisors. "Oil-and-gas companies generally excel in one or more of these areas, and can translate that expertise

into leadership positions within hydrogen." **The state of the industry** Hydrogen now supplies less than 5% of the world's energy—most of it used for oil refining and chemical production—but research firm BloombergNEF says it could reach nearly a quarter of global energy consumption by 2050 with strong government policies promoting it. By then, the fuel could generate more than \$2.5 trillion of direct revenue annually, according to the Hydrogen Council, a trade group that includes oil-and-gas majors. At least for the next two decades, hydrogen will carry higher costs than natural gas because of manufacturing processes that often involve fossil fuels, says Martin Tengler, lead hydrogen analyst at BloombergNEF. Mr. Tengler says high carbon prices, such as through taxes and credits, are key to making hydrogen profitable and cost competitive over fossil-based sources. This would allow oil-and-gas companies to supply hydrogen to their existing clients in polluting industries—such as steel and cement—contributing to their decarbonization. "This is where the opportunity lies for oil-and-gas companies," he says. Most hydrogen being produced today isn't carbon free. The majority is made from processing fossil fuels—"gray" or "brown" hydrogen, or "blue," which is made through captured carbon dioxide. Less than 1% is "green," made from renewable resources, and carbon free. Shell has recently outlined a cost-cutting plan and restructuring of its business to focus more on low-carbon markets—including hydrogen—in the coming years as it grapples with the effects of the pandemic on profit and fossil-fuel demand. Among other strategies, the Anglo-Dutch company said it plans to increase production capacity for green hydrogen 10-fold at its Rhineland refinery in Germany by 2030. Meanwhile, Repsol, Spain's largest energy company, is also scaling up investments in renewables and hydrogen. As part of its goal to cut emissions to net zero by mid-century, the company pledged to spend a quarter of its capital expenditure on low-carbon projects through 2025, with the majority going to renewables. The company said this year it would invest €60 million, equivalent to \$70.5 million, to build a plant in Northern Spain that creates ultra-low-emission fuels by combining green hydrogen from wind power with carbon dioxide captured at a nearby Petronor refinery. Repsol says the new synthetic fuels could power the combustion engines already in cars, airplanes, trucks and other machinery. Another oil major that has pledged net zero emissions by 2050—BP—aims to have a 10% share of the blue and green hydrogen market in certain regions by 2030, says Dev Sanyal, the company's executive vice president of gas and low-carbon energy. The company has no plans to make gray hydrogen in new projects. By 2050, BP expects a mix of both blue and green hydrogen to dominate the hydrogen market, accounting for 6% to 15% of the world's energy consumption. "The next evolution of gas is the decarbonization of it," Mr. Sanyal says. Oil-and-gas companies will probably first go into blue hydrogen made as a byproduct of natural gas through captured carbon dioxide, due to the cost advantages, says Steve Angel, CEO of Linde, which runs around 600 miles of hydrogen pipelines, mostly in the U.S., and counts oil companies among its top clients. One big advantage oil-and-gas companies have in the hydrogen effort is infrastructure. Due to its low density, hydrogen is hard to store on a large scale or transport via road or ship, but it flows about three times faster than natural gas in pipelines, making them a good option for large-scale transport, according to the U.S. Department of Energy. That means oil-and-gas majors can use their existing infrastructure—or add pipes to it—to transport the fuel. But, as was historically the case with renewables, there is a big hurdle involved in the hydrogen efforts—and the cleaner versions of hydrogen are the most expensive. Estimated costs for blue hydrogen are around €2 per kilogram (roughly \$2.35), and for green €2.5 to €5.5 (roughly \$3 to \$6.50). In comparison, brown or gray stands at around €1.5 (about \$1.75), according to the European Commission. Some analysts caution that profits from hydrogen won't be as lucrative as natural gas or even renewable electricity. "It is not an attractive option for oil-and-gas companies because of low margins, but it is inevitable" due to government climate-change policy, says Mike Parr, owner of PWR, a small U.K.-based energy consulting firm. The European Union is taking steps to aid the industry. The bloc has put hydrogen at the heart of its strategy to slash greenhouse-gas emissions by at least 55% by 2030 and become climate neutral by 2050; it says its cumulative investments in renewable hydrogen could reach between €180 billion and €470 billion (roughly \$212 billion to \$552 billion) by midcentury, and €3 billion to €18 billion (roughly \$3.5 billion to \$21 billion) for low-carbon fossil-based hydrogen. In the U.S., hydrogen could get a boost if Democratic presidential nominee Joe Biden wins come November. His \$2 trillion climate-change plan proposes \$400 billion into new technology, including green hydrogen. Chevron Corp., one of America's top oil makers, signaled earlier this year it might invest more in the space since regulations, auto-maker goals and technology have improved.



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JOURNAL REPORT | TECHNOLOGY

A New Push for Diversity Among Tech Startups

Tech entrepreneurs of color get startup funds from investors of color

BY BOWDEYA TWEH

Tech entrepreneurs of color often struggle to attract early-stage funding for their start-ups. But that may be starting to change—thanks in part to investors of color.

Professional networks have formed in cities such as Chicago, Detroit and Miami in recent months to identify and recruit Black, Latino and other angel investors of color to fund tech entrepreneurs. At the same time, venture firms founded by women as well as racial and ethnic minorities are growing their profiles in raising funds to inject capital into startups.

Participants say these new angel groups can build a foundation for generational wealth through investments in high-growth companies, while enabling minority entrepreneurs to access funds from a wider range of sources.

"The population of us [Latino] professionals has reached that critical mass where we can do some of that investing ourselves" instead of investing through venture-capital funds, says Adela Cepeda, chairwoman of Angeles Investors, a nationwide group of Latino business executives who make angel investments in Latino-owned tech startups.

Boosting minority participation in angel investing has long been desired within tech startup circles, but progress has been slow. More than \$15 billion has been raised by Black and Latino founders in the U.S. since 2015, but that accounted for 2.4% of all venture capital raised during that time, according to a recent report from Crunchbase.

But founders as well as executives from technology and venture-capital firms say the heightened awareness of racial inequities in the wake of the



police killing of George Floyd has spurred efforts to accelerate investments in minority entrepreneurs.

Ms. Cepeda, a Chicago-based corporate and public-finance consultant, says Angeles Investors incorporated as a nonprofit earlier this year and now has roughly 50 members. Angeles, which has set a goal of 250 members and \$10 million invested by 2025, has committed seed money to seven companies, with check sizes averaging about \$150,000, Ms. Cepeda says.

Minority entrepreneurs often can't raise the same levels of cash as others from friends and family at the earliest stages of their ventures, which can make them more likely to fail, Ms. Cepeda says..

Isabel Rafferty Zavala, chief exec-

Canela Media founder Isabel Rafferty Zavala says ‘I need people to understand what I’m doing and see the value.’

utive of Canela Media, which operates an internet television service aimed at Spanish-speaking audiences in the U.S. and Latin America, raised money in a funding round led by BBG Ventures and Reinventure Capital and including Angeles Investors members. BBG Ventures focuses on consumer-tech startups with female founders. Reinventure funds companies led by women or people of color.

Ms. Rafferty Zavala, a New York-based entrepreneur who founded Canela in 2019 and launched the TV

service earlier this year, says that while the firm was raising capital she came across a press release about Angeles and was intrigued by a Latina serving as a startup investor.

"If someone is going to understand the value of the Latino audience, this is it," says Ms. Rafferty Zavala. "I need people to understand what I'm doing and see the value."

Black Angels Miami, formally established in November, has roughly two dozen members, says executive director Kevin Cadette. The group aims to provide people an opportunity to invest in everything from companies in the earliest stages of funding to venture funds, and to provide education on the mechanisms behind angel investing, Mr. Cadette says. More than 100 people have engaged in its programming, he says, including a virtual session over the past few months led by venture capitalists on limited partnerships.

Members of Black Angels Miami, with some participation from members of Miami Angels, invested more than \$200,000 with MaC Venture Capital earlier this year. Additionally, Black Angels Miami has hundreds of thousands of dollars in the pipeline to be invested in other funds.

“Convincing people to write checks in 2020 is a challenge” because of the uncertainties created by the coronavirus pandemic, Mr. Cadette says. “With that said, we’re showing it can be done.”

The Securities and Exchange Commission has lent its support to opening up private investment to more investors, with its vote in August to expand the definition of so-called accredited investors beyond individuals with \$1 million in net assets, not counting their home, or at least \$200,000 in annual income. The move will allow stockbrokers and investment advisers who hold certain licenses and "knowledgeable employees" of private funds to act as angels. The SEC also opened the door to holders of other professional certifications to be included later.

Commune Angels, a group based in the Detroit area that launched in August, aims to educate potential

investors as well as provide investment opportunities. The group's organizers want to prepare nonaccredited investors so they're equipped to invest when they qualify as accredited investors.

Commune Angels plans to offer internships to college students that would give them exposure to vetting investment opportunities and supporting startup founders, says Terrence J.L. Reeves, head of law firm Frost Brown Todd's venture-capital practice and one of the founders of Commune Angels. Mr. Reeves says the angel network also plans to roll out an education program for younger people next year.

Tech startup entrepreneur Rodney Sampson has been working to increase the ranks of Black angel investors for nearly a decade, seeing it as a pathway to create generational wealth. Mr. Sampson, who is also courting investors for his 100 Black Angels & Allies Fund, says that making Black people aware of the risks and opportunities of angel investing is critical in bringing more investors into the ecosystem.

"If people don't see [angel investing] as an asset class and they don't know how to access the asset class, it's not going to advance investments in funds, founders and families," says Mr. Sampson, who is working with the University of North Carolina at Chapel Hill to develop an angel-investing certificate program to prepare prospective investors.

Even without an expanded pool of accredited investors, there are plenty of potential angels who could participate in the market, says Pat Gouhin, executive director of the Angel Capital Association. The ACA estimates at least 300,000 people in the U.S. are active angels—but some 16 million U.S. households last year qualified as accredited investors, according to an SEC analysis of Federal Reserve data. In addition, Mr. Gouhin says the ACA is developing a plan to better connect investors with founders of color.

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MELISSA BINNI ELIAN FOR THE WALL STREET JOURNAL

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JOURNAL REPORT | TECHNOLOGY



◀ Top left to right, Alex Stamos, Julie Brill and Rep. David Cicilline. ▼ Bottom, Sen. Josh Hawley. They discussed the future of big technology at this week's WSJ Tech Live conference.

The Problem of Tech Monopolies

Two Congressmen and others on what to do about it

Tech platforms are facing an unprecedented amount of pressure. With U.S. elections drawing near, companies such as Twitter and Facebook are under close scrutiny over how they filter content and scan for misinformation, and the Justice Department is exploring an antitrust lawsuit targeting Google parent Alphabet Inc. for its dominance in online search and advertising. What does this all mean for the future of big tech and our democracy? The Wall Street Journal's executive Washington editor, **Gerald F. Seib**, spoke with **Rep. David Cicilline** (D, R.I.); **Sen. Josh Hawley** (R, Mo.); Microsoft Corp.'s chief privacy officer, **Julie Brill**; and **Alex Stamos**, director of Stanford University's Stanford Internet Observatory. Here are edited excerpts of the conversation at the WSJ Tech Live conference.

What's at stake

MR. SEIB: Sen. Hawley, you summoned the executives of Twitter and Facebook to the Senate Judiciary Committee to talk about a New York Post story that had emails from Hunter Biden from a laptop, the veracity of which is hard to determine. Can you talk about why you did that, and why as a conservative you don't think it's OK for the marketplace to work out issues such as sorting out in-

formation, misinformation, disinformation and outright interference?

MR. SEIB: Congressmen Cicilline, you come at this from the other side of the aisle. You had the hearings this summer with the big tech CEOs. You said there that they have too much power. How do you propose to deal with that power?

REP. CICILLINE: We conducted a 16-month bipartisan investigation into the digital marketplace to look at large technology platforms and how that marketplace was operating. We concluded in a nearly 400-page report that these platforms have monopoly power. They use that power to maintain their market dominance. They do it by bullying competitors, preferencing their own goods and services, and they have used that dominance to act as gatekeepers into this part of our economy.

We put forth in the report a menu of options to look at ways we can reform through our competition policy to bring more competition into this marketplace. Some ideas like structural separation so you can either be a provider of goods and services or a marketplace, but not both. Then a series of recommendations to strengthen our antitrust laws, to modernize and update them. And reviving antitrust enforcement with a set of new procedures and private enforcement, and a number of other recommendations.

MR. SEIB: Julie, there's another big issue on the radar screen here, and that's privacy. What's the best way to deal with protecting privacy?

One big issue: What's the best way to deal with protecting privacy—self-regulation, legislation, regulation or something else?

Is it self-regulation by the companies, legislation, regulation or something else?

SEN. HAWLEY: Facebook, in particular, is a monopoly. Google is a monopoly. They have unprecedented power in the American economy, over American news, over the distribution of information and communication. You can see that power in real time with this attempt to censor, to throttle down the distribution of this New York Post story. I don't know if the story, if the facts are accurate or not. What I do know is I believe in a free press. And when you have a monopoly in Facebook that is attempting to stop the distribution of the news, we have a problem. It's not just with the New York Post. They

are putting forward proposals. There is a lot of commonality there.

We are at a moment where we can move forward with legislation. If we don't, the rest of the world is moving forward. These are jurisdictions that are looking at how they should create rules to be interoperable with global norms and also protect individuals' privacy and allow innovation to flourish.

If the United States doesn't move forward, we will lose our thought leadership on this important issue.

MS. BRILL: We're at an inflection point right now when it comes to privacy. We have an opportunity to create rules that will allow for responsible data use and innovation and at the same time protect privacy. We're hearing from our customers, and something that was demonstrated by the Covid pandemic was that companies don't know what the guardrails are. They don't know what the rules of the road are in terms of how they can use data to solve problems today. So, companies are asking for clearer rules.



same words. They talk about anti-trust, they talk about monopoly, but they both want different outcomes.

In the end, what's happening is the companies are in the middle of a political fight over their ability to change the conversation. And two sides

want very, very different things out of their ability to shape and to control speech. There's not really a process here that is democratic or open. These decisions are being made in private rooms based upon external political pressure.

The industry, after the election, they're going to have to move to a much more public and transparent method for having these discussions and arguments, and coming to conclusions, because right now they're

Domestic trouble?

MR. SEIB: Alex, let me ask you to talk a little bit about how you think the tech industry is handling these challenges.

MR. STAMOS: One of the most concerning things [in 2016] was foreign interference by a number of different Russian agencies, but also private social-media groups. In that case, the companies have acted pretty well. They've put in rules to stop that kind of activity, to catch when people are posting content that isn't necessarily violating any rules on their own but in aggregate are part of an influence operation to change how people are discussing our democracy. And they've staffed up pretty good-sized teams.

Now, there's a big difference, unfortunately, between the big companies and the small companies. Google, Microsoft, Facebook, Twitter specifically, all those companies have staffed up large teams who are doing really good work in this area. There is a long tail of sites that don't have the resources to do that work.

The problem is that most of the information problem around this election is domestic. The vast majority of disinformation that's trying to confuse people on how to vote, convince people not to vote or to possibly cause violence around voting, the vast majority is from domestic actors.

For that, the companies are in real trouble, and partially because this has become so politicized. Both Democrats and Republicans don't like tech companies right now. They both use the

acting in a quasigovernmental manner without the trappings of legitimacy, and they are open to being pressured by various political actors.

MR. SEIB: Well, let's take advantage of the presence of two members of Congress here to ask, what do you want? What is the outcome you're looking for?

section 230 itself. If these companies enforce their terms of service unequally, then individuals ought to be able to take them to court. They are treated unlike any other media company in America. They are immunized from suits just about across the board. They have all the power, individuals have no power. It's time to redress that balance.

MR. SEIB: Congressman Cicilline, what are the options that appeal to you?

REP. CICILLINE: I agree with much of what Sen. Hawley just said. Many of the problems that we're discussing this afternoon are a direct result of the enormous market power of these large technology firms. The absence of competition has resulted in a decline of innovation, oppressive contracts, anticompetitive behaviors.

What we want is antitrust enforcement that brings competition into the marketplace, that will allow consumers to have more control of their data, that will allow consumers to have greater privacy protections, that will prevent these platforms from engaging in anticompetitive behavior that favors their own products and services, that doesn't allow them to acquire data that then permits them to acquire competitors, to bully competitors, to exclude people from their market.

All of the good competition policy that we fought so hard to include in the history of our country needs to be protected, and we need to bring real competition to this digital marketplace.

Sen. Hawley and Rep. Cicilline agree on the need for antitrust action.

laws to get at this concentration of power that these tech companies have amassed. Number one, consumers ought to have control over their data.

Behavioral advertising, which is where most of these companies really make their money, should not be immunized by section 230 of the Communications Decency Act. That's the immunity shield that has allowed these companies to become the behemoths that they are. And it's time to revise

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